
WASAGAMACK FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

WASAGAMACK FIRST NATION

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MARCH 31, 2020

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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

Councillor

Councillor

Councillor

Councillor

Councillor

INDEPENDENT AUDITOR'S 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, 2020, 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, 2020, 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.....)

Auditor's 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
June 8, 2021

WASAGAMACK FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2020

2019

FINANCIAL ASSETS

Cash <i>(Note 2)</i>	\$ 19,171,434	\$ 17,288,776
Restricted cash <i>(Note 3)</i>	284,948	282,521
Accounts receivable <i>(Note 4)</i>	3,640,367	12,102,219
Inventory <i>(Note 5)</i>	<u>862,602</u>	<u>899,081</u>
Total financial assets	<u>23,959,351</u>	<u>30,572,597</u>

LIABILITIES

Accounts payable and accrued liabilities <i>(Note 6)</i>	11,069,938	20,985,264
Deferred revenue <i>(Note 7)</i>	<u>10,463,046</u>	<u>8,733,380</u>
Long-term debt <i>(Note 8)</i>	<u>4,178,637</u>	<u>3,394,734</u>
Total liabilities	<u>25,711,621</u>	<u>33,113,378</u>
Net debt	(1,752,270)	(2,540,781)

NON-FINANCIAL ASSETS

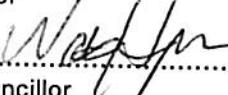
Prepaid expenses	631,418	145,679
Tangible capital assets <i>(Note 9)</i>	<u>39,200,490</u>	<u>36,184,976</u>
Construction in progress <i>(Note 10)</i>	<u>88,045,382</u>	<u>52,415,074</u>
Total non-financial assets	<u>127,877,290</u>	<u>88,745,729</u>
Accumulated surplus	\$ 126,125,020	\$ 86,204,948

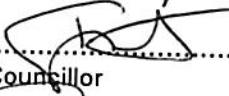
Contingent liabilities *(Note 11)*

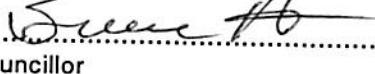
Approved on behalf of Council

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 Chief

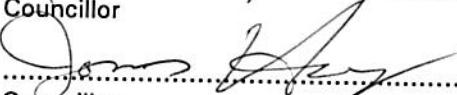

 Councillor


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WASAGAMACK FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2020	2019
REVENUE			
Current year ISC Funding	\$ 60,000,000	\$ 59,320,874	\$ 58,615,935
Health Canada	4,200,000	4,217,235	3,543,288
Canada Mortgage and Housing Corporation	300,000	307,765	402,312
Employment and Social Development Canada	775,000	774,040	648,806
Canada Post	30,000	26,860	33,193
Justice Canada	1,200		
Province of Manitoba	500,000	503,370	73,180
Band generated revenue	2,500,000	2,584,674	3,227,358
Joint venture income	1,000,000	1,000,000	
Grants	230,000	232,350	
Insurance proceeds	375,000	377,129	
Debt forgiveness			1,034,397
Other revenue	2,700,000	2,762,760	2,063,153
Eliminations	(1,800,000)	(1,891,207)	(492,284)
	<u>70,811,200</u>	<u>70,215,850</u>	<u>69,149,338</u>
EXPENDITURES			
Governance and administration	2,000,000	1,963,101	1,803,122
Economic development	232,000	257,481	486,756
Social services	6,500,000	6,529,996	6,051,181
Education	9,200,000	9,174,414	7,118,853
Health	5,000,000	4,921,339	4,310,987
Community services	3,500,000	3,373,420	3,877,373
Employment and training	500,000	521,375	539,289
Housing	1,000,000	1,418,184	1,105,333
Band funds	4,000,000	4,027,675	3,656,529
Eliminations	(1,800,000)	(1,891,207)	(492,284)
	<u>30,132,000</u>	<u>30,295,778</u>	<u>28,457,139</u>
ANNUAL SURPLUS	40,679,200	39,920,072	40,692,199
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>86,204,948</u>	<u>86,204,948</u>	<u>45,512,749</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 126,884,148</u>	<u>\$ 126,125,020</u>	<u>\$ 86,204,948</u>

WASAGAMACK FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2020	2019
Annual surplus	\$ 40,000,000	\$ 39,920,072	\$ 40,692,199
Acquisition of tangible capital assets	(3,500,000)	(3,633,800)	(838,541)
Amortization of tangible capital assets	2,500,000	2,545,687	2,317,076
Acquisition of construction in progress	(3,750,000)	(37,557,709)	(41,440,293)
	(4,750,000)	(38,645,822)	(39,961,758)
Acquisition of prepaid expenses	(630,000)	(631,418)	(145,679)
Use of prepaid expenses	145,000	145,679	323,187
	(485,000)	(485,739)	177,508
CHANGE IN NET DEBT FOR YEAR	1,128,046	788,511	907,949
NET DEBT, <i>beginning of year</i>	(2,540,781)	(2,540,781)	(3,448,730)
NET DEBT, <i>end of year</i>	\$ (1,412,735)	\$ (1,752,270)	\$ (2,540,781)

WASAGAMACK FIRST NATION

STATEMENT 4

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

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2 0 1 9

CASH FLOW FROM

OPERATING ACTIVITIES

Cash received from funding and other sources	\$ 80,407,368	\$ 64,538,045
Cash paid to suppliers and employees	(38,114,677)	(22,288,089)
	<u>42,292,691</u>	<u>42,249,956</u>

CAPITAL ACTIVITIES

Acquisition of tangible capital assets and construction in progress	(41,191,509)	(28,553,231)
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FINANCING ACTIVITIES

Proceeds from long term debt	1,119,075	1,512,026
Repayment of long term debt	(335,172)	(1,108,332)
	<u>783,903</u>	<u>403,694</u>

NET INCREASE IN CASH DURING YEAR

CASH, <i>beginning of year</i>	<u>17,571,297</u>	<u>3,470,878</u>
CASH, <i>end of year</i>	<u>\$ 19,456,382</u>	<u>\$ 17,571,297</u>

CASH COMPRISED OF

Cash	\$ 19,171,434	\$ 17,288,776
Restricted cash	<u>284,948</u>	<u>282,521</u>
	<u>\$ 19,456,382</u>	<u>\$ 17,571,297</u>

WASAGAMACK FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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, 2020****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, 2020

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 2 0	2 0 1 9
Unrestricted		
Atchitamo Developments	\$ 361,564	\$ 94,541
Mehkana Developments Inc.	632,704	249,267
Teepee Radio Station	10,266	1,701
Wasagamack Bulk Fuels	68,399	133,088
Wasagamack Employment and Training	22,471	44,315
Wasagamack First Nation	17,936,040	16,642,818
Wasagamack Health Authority	<u>139,990</u>	<u>123,046</u>
	<u><u>\$ 19,171,434</u></u>	<u><u>\$ 17,288,776</u></u>

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, 2020, \$256,324 (2019 - \$255,270) had been deposited into separate accounts leaving an overfunded balance of \$43,074 (2019 - \$90,073).

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 2 0	2 0 1 9
C.M.H.C. Replacement Reserve	\$ 256,324	\$ 255,270
Ottawa Trust Fund	<u>28,624</u>	<u>27,251</u>
	<u><u>\$ 284,948</u></u>	<u><u>\$ 282,521</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

4. ACCOUNTS RECEIVABLE

	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Basic Needs	\$ 135,281	\$ 390,000
A&C Water - > 1.5M	550,000	
Prevention and management policy		203,333
Teacherages Construction Management Plan		8,775
Infrastructure Construction Landfill (Landfill Upgrade)		1,138,965
Major Renovations, Extension & Repair		130,694
Manitoba Schools Initiative		2,058,884
Manitoba Schools Initiative - additional funding 2020FY		2,494,390
Manitoba Schools Initiative - Enhanced Commissioning		2,992
Manitoba Schools Initiative - Teacherages	282,950	
Bands & Private Housing - Micro Homes		44,000
Bands & Private Housing - Duplex Project		142,805
Roads and Bridges	1,811,403	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	169,932
Tuition Agreement	6,904	6,904
Cultural & Recreational		263,236
Response (Covid-19)	114,044	
EIF B2016 Construction	4,205	
Provincial School Tuition	6,673	-
Subtotal	3,081,392	11,434,899
Canada Mortgage and Housing Corporation		
Other	1,190,440	1,053,580
Province of Manitoba		
Policing	102,954	234,924
	4,374,786	12,723,403
Less: Allowance for doubtful accounts	(734,419)	(621,184)
	<u>\$ 3,640,367</u>	<u>\$ 12,102,219</u>

5. INVENTORY

	2 0 2 0	2 0 1 9
Fuel for resale	<u>\$ 862,602</u>	<u>\$ 899,081</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Band Employee Benefits Plans	\$ 56,213	\$ 56,213
Basic Needs	176,782	176,782
Planning, Design and Construction	9,087	
Wastewater O&M	20,228	
Wastewater Systems	826	-
Subtotal	<u>263,136</u>	232,995
First Nations and Inuit Health		
Administration and Governance	28,918	28,918
New School Project	5,885,565	12,575,438
Wastewater Treatment Project	402,354	1,550,873
Water and Wastewater School Project	142,245	1,672,648
Soil Remediation Project	191,445	381,653
Landfill Infrastructure Project	79,200	416,296
Trade payables	2,438,811	2,442,875
Accrued liabilities	<u>1,638,264</u>	<u>1,683,568</u>
	<u><u>\$ 11,069,938</u></u>	<u><u>\$ 20,985,264</u></u>

7. DEFERRED REVENUE

	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Arena Sports Complex	\$ 34,582	\$ 34,582
Basic Needs COVID-19 Response	135,281	
Capacity Innovation	26,133	
Child and family services - community well being	200,597	198,160
Construction - Three Unit Housing Project	68,697	
COVID-19 Response	114,044	
Economic Development - End of Life Vehicle Initiative		69,420
Housing needs		114,795
Infrastructure Construction Landfill Upgrade - Equipment		739,369
Infrastructure Construction Landfill Upgrade	1,270,566	283,241
Major Capital - Micro Home Units	154,349	175,949
Minor Housing Repairs	130,694	130,694
MSI - Teaching Kitchen	430,787	
MSI Teacherages Construction Management	2,216,365	8,775
New School Construction	2,934,021	
Provincial School Tuition Funding	6,673	
Roads and bridges	1,594,510	4,202,624
Tuition Agreement	6,904	6,904
Wastewater Plant Upgrade	323,693	906,873
Water and Wastewater to New School Project	<u>301,232</u>	<u>1,255,915</u>
Subtotal	<u>9,949,128</u>	<u>8,127,301</u>
Health Canada		
Capital Housing Project		31,790
Jordan's Principle	459,553	395,506
CDE Planning and Response	4,761	
Employment and Social Development Canada	49,604	89,481
Island Lake Tribal Council		86,131
Other	-	3,171
	<u><u>\$ 10,463,046</u></u>	<u><u>\$ 8,733,380</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

8. LONG TERM DEBT

	2 0 2 0	2 0 1 9
CMHC mortgage payable, 0.99%, repayable in monthly installments of \$7,074 (P & I), due December 2019.	\$ 63,396	
CMHC mortgage payable, 1.04% repayable in monthly installments of \$6,982 (P & I), due October 2020.	789,241	864,394
CMHC mortgage payable, 2.70% repayable in monthly installments of \$6,826 (P & I), due November 2023.	898,006	954,918
CMHC mortgage payable, 1.83% repayable in monthly installments of \$4,646 (P & I), due December 2024.	1,118,667	
TFG Financial Corporation loan, 8.56% repayable in monthly installments of \$3,730 (P & I), due February 2024.	148,528	
TFG Financial Corporation loan payable, 9.64%, repayable in monthly installments of \$12,660 (P & I), due February 2023.	384,345	
TFG Financial Corporation loan payable, 12.78%, repayable in monthly installments of \$5,260 (P & I), due April 2025.	232,350	
C.M.H.C. mortgage advances to be converted to long term debt upon completion of Post-96 housing project.	<u>607,500</u>	<u>1,512,026</u>
	<u><u>\$ 4,178,637</u></u>	<u><u>\$ 3,394,734</u></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, 2021	\$ 927,267
2022	339,348
2023	328,530
2024	220,749
2025	191,151

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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 2020	Total 2019
Landfill Infrastructure	\$ 4,124,937	\$ 19,517,377	\$ 19,517,377	\$ 4,124,937	\$ 9,326,086	\$ 390,347	\$ 9,716,433	\$ 4,124,937	\$ 9,800,944	\$ 10,191,291
Roads	2,681,669			2,681,669	442,510	53,633	496,143	2,185,526	2,239,159	
Buildings	12,709,059		(76,534)	12,632,525	4,768,702	322,053	5,090,755	7,541,770	7,940,357	
Housing	14,720,381	620,987	2,003,935	17,345,303	7,117,888	535,521	7,653,409	9,691,894	7,602,493	
Heavy equipment and vehicles	8,537,739	2,749,399		11,287,138	5,129,976	1,083,482	6,213,458	5,073,680	3,407,763	
Equipment and furniture	2,235,627	257,514		2,493,141	1,592,829	148,783	1,741,612	751,529	642,798	
Computers	472,445	5,900	-	478,345	436,267	11,868	-	448,135	30,210	36,178
	<u>\$ 64,999,234</u>	<u>\$ 3,633,800</u>	<u>\$ 1,927,401</u>	<u>\$ 70,560,435</u>	<u>\$ 28,814,258</u>	<u>\$ 2,545,687</u>	<u>\$ -</u>	<u>\$ 31,359,945</u>	<u>\$ 39,200,490</u>	<u>\$ 36,184,976</u>

10. CONSTRUCTION IN PROGRESS

	2020	2019
Capital - 5 Duplex Housing	\$ 3,055,517	\$ 2,856,849
4-bedroom bungalow		893,304
Landfill rehabilitation Project	950,750	384,736
Teacherages	200,000	
Wastewater Treatment Plant Upgrade	13,558,300	11,664,034
Water and Wastewater Piping Infrastructure to New School Project	12,734,476	8,273,446
Manitoba School Initiative	51,840,470	26,624,574
Local roads construction	5,020,890	
CMHC Section 95 Six Unit Project 2018-2019		1,110,631
CMHC 6 Unit Housing 2019-2020	608,445	607,500
Wasagamack Health Authority	76,534	-
	<u>\$ 88,045,382</u>	<u>\$ 52,415,074</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, 2020****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 entered into a Joint Venture agreement to carry out work related to various construction projects. The First Nation holds a 51% share and shall participate in the net gains and profits and share in the losses and liabilities of the joint venture. Losses, if any, will be accounted for in the year of determination.

12. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 2 0	2 0 1 9
Arrangement:	\$ 67,921,485	\$ 66,784,398
Plus: I.S.C. revenue deferred from prior year	8,127,301	1,278,032
F.N.I.H. revenue deferred from prior year	427,296	205,356
Additional Manitoba School Initiative funding from 19/20		2,494,390
Less: I.S.C. revenue deferred to following year	(9,949,128)	(8,127,301)
F.N.I.H. revenue deferred to following year	(464,314)	(427,296)
I.S.C. Tuition agreement funding recovery		(9,798)
Additional Manitoba School Initiative funding from 19/20	(2,494,390)	
I.S.C. recoveries	(30,141)	(38,558)
TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS	\$ 63,538,109	\$ 62,159,223
REVENUE PER STATEMENT OF OPERATIONS (<i>Statement 2</i>)		
Indigenous Services Canada	\$ 59,320,874	\$ 58,615,935
First Nations and Inuit Health	<u>4,217,235</u>	<u>3,543,288</u>
	\$ 63,538,109	\$ 62,159,223

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, 2020

15. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 0	2 0 1 9
Administration	\$ 2,545,688	\$ 50,086
Amortization of tangible capital assets	147,265	2,317,076
Bad debt	519,932	114,940
Equipment and materials	1,396,683	318,871
Community events and assistance	261,594	1,181,866
Contract fees and services	76,714	350,379
Debt service	2,522	30,452
Equipment rental	1,193,420	1,879,837
Fuel	108,945	92,558
Insurance	25,602	36,272
Interest and bank charges	1,003,190	1,152,521
Repairs and maintenance	231,186	288,309
Other	292,209	685,646
Professional and consulting fees	74,988	32,791
Rent	11,443,562	9,496,470
Salaries and benefits	54,355	60,274
Shipping and freight	5,995,839	5,709,250
Social assistance	665,121	411,096
Student support	1,540,663	1,825,735
Supplies and materials	226,765	158,909
Telephone and communications	409,130	534,192
Training and workshops	1,419,751	1,089,264
Travel and accommodations	458,223	412,204
Utilities	<u>202,431</u>	<u>228,141</u>
	<u><u>\$ 30,295,778</u></u>	<u><u>\$ 28,457,139</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.

17. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in economic downturn. This outbreak may also cause staff shortages, reduced demand, increased government regulations or interventions, all of which may negatively impact the financial condition or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues								
Federal Government								
ISC	\$ 1,740,131	\$ 1,552,622	\$ 195,475	\$ 553,508	\$ 6,750,123	\$ 5,672,494	\$ 10,010,517	\$ 12,408,004
CMHC								46,542
ESDC								
Other	—	—	—	—	—	—	—	—
Subtotal	1,740,131	1,552,622	195,475	553,508	6,750,123	5,672,494	10,010,517	12,454,546
Other revenue	1,095,240	1,191,948	—	—	—	62,500	35,100	36,450
Total revenue	2,835,371	2,744,570	195,475	553,508	6,750,123	5,734,994	10,045,617	12,490,996
Expenses								
Amortization	130,417	125,944					103,026	84,803
Other	1,136,096	1,245,585	59,422	278,409	6,233,451	5,850,127	3,308,373	2,477,629
Salaries and benefits	696,588	431,593	198,059	208,347	296,545	201,054	5,763,015	4,556,421
Total expenses	1,963,101	1,803,122	257,481	486,756	6,529,996	6,051,181	9,174,414	7,118,853
Surplus (Deficit)	\$ 872,270	\$ 941,448	\$(62,006)	\$ 66,752	\$ 220,127	\$(316,187)	\$ 871,203	\$ 5,372,143

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

18. SEGMENT DISCLOSURE *(continued)*

	Health <u>2020</u>	Community Services <u>2020</u>	Employment and Training <u>2020</u>	Housing <u>2020</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
Revenues				
Federal Government				
ISC	\$ 4,217,235	\$ 3,543,288	\$ 48,487	\$ 1,050,287
FNIH				
CMHC				307,765
ESDC	263,727	192,910	510,313	402,312
Other Federal	-	26,860	-	-
Subtotal	4,480,962	3,736,198	558,800	1,358,052
Other revenue	616,071	414,188	-	654,735
Total revenue	5,097,033	4,150,386	558,800	2,012,787
Expenses				
Amortization	297,376	258,986	3,465	290,323
Debt servicing				33,884
Other	2,156,888	2,029,190	1,380,040	30,452
Salaries and benefits	2,467,075	2,022,811	3,659	691,881
		941,613	338,056	777,316
			402,566	132,309
619,529			133,064	
Total expenses	4,921,339	4,310,987	521,375	1,418,184
Surplus (Deficit)	\$ 175,694	\$(160,601)	\$ 37,425	\$ 594,603
			\$(83,393)	\$(142,388)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

18. SEGMENT DISCLOSURE *(continued)*

	Band Entities		Eliminations		TOTAL	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Federal Government						
ISC	\$	\$	\$	\$	\$ 59,320,874	\$ 58,615,935
FNIH					4,217,235	3,543,288
CMHC					307,765	402,312
ESDC					774,040	648,806
Other	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>26,860</u>	<u>33,193</u>
Subtotal	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>64,646,774</u>	<u>63,243,534</u>
Other revenue	<u>4,776,713</u>	<u>4,251,146</u>	<u>(1,891,207)</u>	<u>(492,284)</u>	<u>5,569,076</u>	<u>5,905,804</u>
Total revenue	<u>4,776,713</u>	<u>4,251,146</u>	<u>(1,891,207)</u>	<u>(492,284)</u>	<u>70,215,850</u>	<u>69,149,338</u>
Expenses						
Amortization	271,664	212,953			2,545,688	2,317,076
Debt servicing	42,830				76,714	30,452
Other	3,163,823	2,760,321	(1,891,207)	(492,284)	16,264,608	17,121,228
Salaries and benefits	<u>549,358</u>	<u>683,255</u>	<u>—</u>	<u>—</u>	<u>11,408,768</u>	<u>8,988,383</u>
Total expenses	<u>4,027,675</u>	<u>3,656,529</u>	<u>(1,891,207)</u>	<u>(492,284)</u>	<u>30,295,778</u>	<u>28,457,139</u>
Surplus (Deficit)	<u>\$ 749,038</u>	<u>\$ 594,617</u>	<u>\$ <u>—</u></u>	<u>\$ <u>—</u></u>	<u>\$ 39,920,072</u>	<u>\$ 40,692,199</u>