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# WASAGAMACK FIRST NATION

## CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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# WASAGAMACK FIRST NATION

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MARCH 31, 2021

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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.

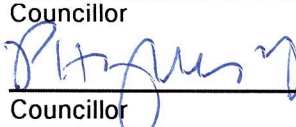
The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.


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.

  
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Chief

  
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Councillor

  
\_\_\_\_\_  
Councillor

  
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Councillor

  
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Councillor

  
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Councillor

**INDEPENDENT AUDITOR'S REPORT**

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, 2021, and the consolidated statements of operations, changes in net assets and consolidated statement of 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, 2021, and its consolidated financial performance and its consolidated statement of 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  
March 9, 2023

# WASAGAMACK FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2021	2020
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### FINANCIAL ASSETS

Cash (Note 2)	\$ 19,926,496	\$ 19,171,434
Restricted cash (Note 3)	289,446	284,948
Accounts receivable (Note 4)	3,144,367	3,640,367
Inventory (Note 5)	<u>1,019,031</u>	<u>862,602</u>
Total financial assets	<u>24,379,340</u>	<u>23,959,351</u>

### LIABILITIES

Accounts payable and accrued liabilities (Note 6)	8,385,514	11,069,938
Deferred revenue (Note 7)	9,942,867	10,463,046
Long-term debt (Note 8)	<u>4,260,578</u>	<u>4,178,637</u>
Total liabilities	<u>22,588,959</u>	<u>25,711,621</u>
Net assets (debt)	<u>1,790,381</u>	<u>( 1,752,270)</u>

### NON-FINANCIAL ASSETS

Prepaid expenses	120,852	631,418
Tangible capital assets (Note 9)	72,736,719	39,200,490
Construction in progress (Note 10)	<u>73,158,023</u>	<u>88,045,382</u>
Total non-financial assets	<u>146,015,594</u>	<u>127,877,290</u>
Accumulated surplus	<u>\$ 147,805,975</u>	<u>\$ 126,125,020</u>

Contingent liabilities (Note 11)

Approved on behalf of Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

# WASAGAMACK FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 1	2 0 2 0
<b>REVENUE</b>			
Indigenous Services Canada	\$ 36,355,065	\$ 45,354,424	\$ 59,320,874
Health Canada	3,123,114	5,910,215	4,217,235
Canada Mortgage and Housing Corporation	642,746	194,199	307,765
Employment and Social Development Canada	206,124	487,138	774,040
Canada Post			26,860
Province of Manitoba		468,757	503,370
Band generated revenue	165,000	2,356,955	2,584,672
Debt forgiveness	676,096	676,096	
Grants			232,350
Joint venture income		600,000	1,000,000
Insurance proceeds			377,129
Other revenue	1,805,256	1,896,315	2,762,762
Eliminations	-	( 2,292,648)	( 1,891,207)
	<u>42,973,401</u>	<u>55,651,451</u>	<u>70,215,850</u>
<b>EXPENSES</b>			
Governance and administration	2,601,625	1,897,557	1,963,101
Economic development	483,054	507,188	257,481
Social services	8,252,697	8,143,638	6,529,996
Education	9,646,026	8,754,700	9,174,414
Health	3,664,367	5,628,932	4,921,339
Community services	5,688,578	5,970,548	3,373,420
Employment and training	75,276	339,521	521,375
Housing	9,836,015	949,746	1,418,184
Band funds		4,071,314	4,027,675
Eliminations	-	( 2,292,648)	( 1,891,207)
	<u>40,247,638</u>	<u>33,970,496</u>	<u>30,295,778</u>
ANNUAL SURPLUS	2,725,763	21,680,955	39,920,072
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>126,125,020</u>	<u>126,125,020</u>	<u>86,204,948</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 128,850,783</u>	<u>\$ 147,805,975</u>	<u>\$ 126,125,020</u>

# WASAGAMACK FIRST NATION

STATEMENT 3

## STATEMENT OF CHANGE IN NET ASSETS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 1	2 0 2 0
Annual surplus	\$ <u>2,725,763</u>	\$ <u>21,680,955</u>	\$ <u>39,920,072</u>
Acquisition of tangible capital assets		( 2,322,201)	( 3,633,800)
Amortization of tangible capital assets		3,231,690	2,545,687
Acquisition of construction in progress	<u>-</u>	( <u>19,558,359</u> )	( <u>37,557,709</u> )
	<u>-</u>	( <u>18,648,870</u> )	( <u>38,645,822</u> )
Acquisition of prepaid expenses		( 120,852)	( 631,418)
Use of prepaid assets	<u>-</u>	<u>631,418</u>	<u>145,679</u>
	<u>-</u>	<u>510,566</u>	( <u>485,739</u> )
CHANGE IN NET ASSETS (DEBT) FOR YEAR	2,725,763	3,542,651	788,511
NET DEBT, <i>beginning of year</i>	( <u>1,752,270</u> )	( <u>1,752,270</u> )	( <u>2,540,781</u> )
NET ASSETS (DEBT), <i>end of year</i>	\$ <u><u>973,493</u></u>	\$ <u><u>1,790,381</u></u>	\$ ( <u><u>1,752,270</u></u> )



# WASAGAMACK FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 1	2 0 2 0
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding and other sources	\$ 55,627,272	\$ 80,407,368
Cash paid to suppliers and employees	( 32,945,443)	( 38,037,706)
Interest paid	( 123,650)	( 76,971)
	<u>22,558,179</u>	<u>42,292,691</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	( 21,880,560)	( 41,191,509)
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt	447,746	1,119,075
Repayment of long term debt	( 365,805)	( 335,172)
	<u>81,941</u>	<u>783,903</u>
NET INCREASE IN CASH DURING YEAR	759,560	1,885,085
CASH, <i>beginning of year</i>	<u>19,456,382</u>	<u>17,571,297</u>
CASH, <i>end of year</i>	<u>\$ 20,215,942</u>	<u>\$ 19,456,382</u>
CASH COMPRISED OF		
Cash	\$ 19,926,496	\$ 19,171,434
Restricted cash	<u>289,446</u>	<u>284,948</u>
	<u>\$ 20,215,942</u>	<u>\$ 19,456,382</u>

# WASAGAMACK FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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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 ASSETS (DEBT)*

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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

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

Infrastructure	50 years
Roads	50 years
Buildings	40-50 years
Housing	40 years
Heavy equipment and vehicles	5-20 years
Equipment and furniture	5 years
Computers	5 years

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

*SEGMENTS*

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

*REVENUE RECOGNITION*

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

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

*FINANCIAL INSTRUMENTS*

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

*FAIR VALUE*

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 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 1	2 0 2 0
Unrestricted		
Atchitamo Developments	\$ 48,551	\$ 361,564
Mehkana Developments Inc.	132,811	632,704
Teepee Radio Station	152	10,266
Wasagamack Bulk Fuels	51,438	68,399
Wasagamack Employment and Training	156,317	22,471
Wasagamack First Nation	18,117,966	17,936,040
Wasagamack Health Authority	<u>1,419,261</u>	<u>139,990</u>
	<u>\$ 19,926,496</u>	<u>\$ 19,171,434</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, 2021, \$259,554 (2020 - \$256,324) had been deposited into separate accounts leaving an overfunded balance of \$44,673 (2020 - \$43,074).

#### 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 1	2 0 2 0
C.M.H.C. Replacement Reserve	\$ 259,554	\$ 256,324
Ottawa Trust Fund	<u>29,892</u>	<u>28,624</u>
	<u>\$ 289,446</u>	<u>\$ 284,948</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**4. ACCOUNTS RECEIVABLE**

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
Basic Needs	\$	\$ 135,281
A&C Water - > 1.5M		550,000
Firesmart	7,000	
Manitoba Schools Initiative - Construction	291,038	
Manitoba Schools Initiative - Non construction	450	
Manitoba Schools Initiative - Teacherages	114,600	282,950
Preparedness Mitigation	7,000	
Roads and Bridges	1,129,703	1,811,403
Response - 2017 Wildlife Evacuation Costs	169,932	169,932
Tuition Agreement	6,904	6,904
Response (COVID-19)	105,254	114,044
EIF B2016 Construction		4,205
Provincial School Tuition	6,673	6,673
Subtotal	1,838,554	3,081,392
Other	1,872,338	1,190,440
Policing	-	102,954
	3,710,892	4,374,786
Less: Allowance for doubtful accounts	( 566,525)	( 734,419)
	\$ <u>3,144,367</u>	\$ <u>3,640,367</u>

**5. INVENTORY**

	2 0 2 1	2 0 2 0
Fuel for resale	\$ <u>1,019,031</u>	\$ <u>862,602</u>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
Band Employee Benefits Plans	\$ 56,213	\$ 56,213
Basic Needs	176,782	176,782
Planning, Design and Construction	9,087	9,087
Wastewater O&M	20,228	20,228
Wastewater Systems	826	826
Subtotal	263,136	263,136
First Nations and Inuit Health		
Administration and Governance	28,918	28,918
New School Project	3,420,670	5,885,565
Wastewater Treatment Project	344,458	402,354
Water and Wastewater School Project		142,245
Soil Remediation Project	12,800	191,445
Landfill Infrastructure Project	1,954,122	79,200
Trade payables	1,800,735	2,438,811
Accrued liabilities	560,675	1,638,264
	\$ <u>8,385,514</u>	\$ <u>11,069,938</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**7. DEFERRED REVENUE**

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
Arena Sports Complex	\$	\$ 34,582
Basic Needs COVID-19 Response		135,281
Capacity building	12,558	
Capacity Innovation	90,628	26,133
Child and family services - community well being	200,597	200,597
Construction - Three Unit Housing Project		68,697
COVID-19 Response		114,044
Firesmart	10,000	
Former Nursing Station Soil	401,136	
Infrastructure Construction Landfill Upgrade	230,350	1,270,566
Major Capital - Micro Home Units	81,400	154,349
Minor Housing Repairs		130,694
Leadership Governance Capacity Development	21,000	
MSI - Teaching Kitchen	694,868	430,787
MSI Teacherages Construction Management	2,335,044	2,216,365
New School Construction	1,342,427	2,934,021
Nurses Residences	500,000	
Preparedness / Mitigation	10,000	
Provincial School Tuition Funding		6,673
Renovation - Housing Needs	181,164	
Roads and bridges	1,594,510	1,594,510
Tuition Agreement	6,904	6,904
Wastewater Plant Upgrade	323,693	323,693
Water and Wastewater to New School Project	268,620	301,232
Subtotal	8,304,899	9,949,128
First Nations and Inuit Health		
Aboriginal Head Start (ASHOR) COVID	27,952	
Day Care	22,723	
Jordan's Principle	577,322	459,553
CDE Planning and Response	-	4,761
Subtotal	627,997	464,314
Assembly Manitoba Chiefs	774,588	
Employment and Social Development Canada	235,383	49,604
	<u>\$ 9,942,867</u>	<u>\$ 10,463,046</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 8. LONG TERM DEBT

	2 0 2 1	2 0 2 0
CMHC mortgage payable, 1.30% repayable in monthly installments of \$7,053 (P & I), due April 2026.	\$ 712,501	\$ 789,241
CMHC mortgage payable, 2.70% repayable in monthly installments of \$6,826 (P & I), due November 2023.	839,437	898,006
CMHC mortgage payable, 1.83% repayable in monthly installments of \$4,646 (P & I), due December 2024.	1,073,934	1,118,667
TFG Financial Corporation loan, 8.56% repayable in monthly installments of \$3,730 (P & I), due February 2024.	115,184	148,528
TFG Financial Corporation loan payable, 9.64%, repayable in monthly installments of \$12,660 (P & I), due February 2023.	264,259	384,345
TFG Financial Corporation loan payable, 12.78%, repayable in monthly installments of \$5,260 (P & I), due April 2025.	200,017	232,350
C.M.H.C. mortgage advances to be converted to long term debt upon completion of Post-96 housing project.	<u>1,055,246</u>	<u>607,500</u>
	<u>\$ 4,260,578</u>	<u>\$ 4,178,637</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, 2022	\$ 383,615
2023	395,326
2024	272,438
2025	243,403
2026	193,672

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 9. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2021	Total 2020
Landfill	\$ 4,124,937	\$ -	\$ 4,124,937	\$ -	\$ -	\$ -	\$ 4,124,937	\$ 4,124,937
Infrastructure	19,517,377	34,401,795	53,919,172	9,716,433	734,366	10,450,799	43,468,373	9,800,944
Roads	2,681,669	-	2,681,669	496,143	53,634	549,777	2,131,892	2,185,526
Buildings	12,632,525	235,534	12,868,059	5,090,755	330,003	5,420,758	7,447,301	7,541,770
Housing	17,345,303	711,219	18,056,522	7,653,409	556,528	8,209,937	9,846,585	9,691,894
Heavy equipment and vehicles	11,287,138	1,299,371	12,586,509	6,213,458	1,348,829	7,562,287	5,024,222	5,073,680
Equipment and furniture	2,493,141	120,000	2,613,141	1,741,612	196,172	1,937,784	675,357	751,529
Computers	478,345	-	478,345	448,135	12,158	460,293	18,052	30,210
	<u>\$ 70,560,435</u>	<u>\$ 36,767,919</u>	<u>\$ 107,328,354</u>	<u>\$ 31,359,945</u>	<u>\$ 3,231,690</u>	<u>\$ 34,591,635</u>	<u>\$ 72,736,719</u>	<u>\$ 39,200,490</u>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**10. CONSTRUCTION IN PROGRESS**

	2 0 2 1	2 0 2 0
Capital Housing- 5 Duplex	\$	\$ 3,055,517
Landfill Rehabilitation Project	<b>1,990,966</b>	950,750
Teacherages and infrastructure	<b>8,258,881</b>	200,000
Wastewater Treatment Plant Upgrade		13,558,300
Water and Wastewater Piping Infrastructure to New School Project		12,734,476
Manitoba School Initiative	<b>60,554,094</b>	51,840,470
Local roads construction		5,020,890
CMHC Housing - 6 Units	<b>1,188,702</b>	608,445
Wasagamack Health Authority		76,534
Band Housing - 10 Units	<b>825,100</b>	
CMHC Housing - 4 Units	<b>340,280</b>	-
	<b>\$ <u>73,158,023</u></b>	<b>\$ <u>88,045,382</u></b>

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

**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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**12. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE**

	2 0 2 1	2 0 2 0
Arrangement:	\$ 49,784,094	\$ 67,921,485
Plus: I.S.C. revenue deferred from prior year	9,949,127	8,127,301
F.N.I.H. revenue deferred from prior year	464,314	427,296
Less: I.S.C. revenue deferred to following year	( 8,304,899)	( 9,949,128)
F.N.I.H. revenue deferred to following year	( 627,997)	( 464,314)
I.S.C. Tuition agreement funding recovery		
Additional Manitoba School Initiative funding from 19/20		( 2,494,390)
I.S.C. recoveries	-	( 30,141)
<b>TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS</b>	<b>\$ 51,264,639</b>	<b>\$ 63,538,109</b>
<b>REVENUE PER STATEMENT OF OPERATIONS (Statement 2)</b>		
Indigenous Services Canada	\$ 45,354,424	\$ 59,320,874
First Nations and Inuit Health	5,910,215	4,217,235
	<b>\$ 51,264,639</b>	<b>\$ 63,538,109</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, 2021**
**15. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	2 0 2 1	2 0 2 0
Amortization of tangible capital assets	\$ 3,231,690	\$ 2,545,690
Bad debt	72,055	147,265
Equipment and materials	745	522,454
Community events and assistance	1,040,681	1,396,683
Contract fees and services	99,000	261,594
COVID-19 response and support	3,416,027	
Fuel	1,468,022	1,193,420
Insurance	138,012	108,945
Interest and bank charges	150,569	102,316
Repairs and maintenance	1,159,125	1,003,190
Other	239,769	306,174
Professional and consulting fees	412,513	292,209
Salaries and benefits	11,985,435	11,443,560
Social assistance	5,804,719	5,995,839
Student support	315,688	665,121
Supplies and materials	2,795,759	1,595,018
Telephone and communications	201,033	226,765
Training and workshops	121,257	409,130
Travel and accommodations	651,503	1,419,751
Utilities	493,957	458,223
Vehicle cost	<u>172,937</u>	<u>202,431</u>
	<u>\$ 33,970,496</u>	<u>\$ 30,295,778</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, 2021

### 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues								
Federal Government								
ISC	\$ 1,974,649	\$ 1,740,131	\$ 528,210	\$ 195,475	\$ 8,252,697	\$ 6,750,123	\$ 11,262,231	\$ 10,010,517
CMHC								
ESDC								
Other	-	-	-	-	-	-	-	-
Subtotal	1,974,649	1,740,131	528,210	195,475	8,252,697	6,750,123	11,262,231	10,010,517
Other revenue	<u>1,494,088</u>	<u>1,095,240</u>	-	-	-	-	<u>15,000</u>	<u>35,100</u>
Total revenue	<u>3,468,737</u>	<u>2,835,371</u>	<u>528,210</u>	<u>195,475</u>	<u>8,252,697</u>	<u>6,750,123</u>	<u>11,277,231</u>	<u>10,045,617</u>
Expenses								
Amortization	140,901	130,417					122,419	103,026
Other	780,424	1,136,096	472,816	59,422	7,682,355	6,233,451	2,921,497	3,308,373
Salaries and benefits	<u>976,232</u>	<u>696,588</u>	<u>34,372</u>	<u>198,059</u>	<u>461,283</u>	<u>296,545</u>	<u>5,710,784</u>	<u>5,763,015</u>
Total expenses	<u>1,897,557</u>	<u>1,963,101</u>	<u>507,188</u>	<u>257,481</u>	<u>8,143,638</u>	<u>6,529,996</u>	<u>8,754,700</u>	<u>9,174,414</u>
Surplus (Deficit)	<u>\$ 1,571,180</u>	<u>\$ 872,270</u>	<u>\$ 21,022</u>	<u>\$ (62,006)</u>	<u>\$ 109,059</u>	<u>\$ 220,127</u>	<u>\$ 2,522,531</u>	<u>\$ 871,203</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

18. SEGMENT DISCLOSURE (continued)

	Health		Community Services		Employment and Training		Housing	
	<u>2 0 2 1</u>	<u>2 0 2 0</u>	<u>2 0 2 1</u>	<u>2 0 2 0</u>	<u>2 0 2 1</u>	<u>2 0 2 0</u>	<u>2 0 2 1</u>	<u>2 0 2 0</u>
Revenues								
Federal Government								
ISC	\$	\$	\$	\$	\$	\$	\$	\$
FNIH	5,910,215	4,217,235	14,307,812	39,525,854	52,054	48,487	8,976,771	1,050,287
CMHC							194,199	307,765
ESDC	202,479	263,727			284,659	510,313		
Other Federal	-	-	-	26,860	-	-	-	-
Subtotal	6,112,694	4,480,962	14,307,812	39,552,714	336,713	558,800	9,170,970	1,358,052
Other revenue	767,933	616,071	113,825	282,424	-	-	223,144	654,735
Total revenue	<u>6,880,627</u>	<u>5,097,033</u>	<u>14,421,637</u>	<u>39,835,138</u>	<u>336,713</u>	<u>558,800</u>	<u>9,394,114</u>	<u>2,012,787</u>
Expenses								
Amortization	345,666	297,376	1,971,153	1,449,417	2,806	3,465	267,328	290,323
Debt servicing							55,383	33,884
Other	2,154,783	2,156,888	2,973,866	982,390	135,408	338,056	627,035	777,316
Salaries and benefits	3,128,483	2,467,075	1,025,529	941,613	201,307	179,854	-	316,661
Total expenses	<u>5,628,932</u>	<u>4,921,339</u>	<u>5,970,548</u>	<u>3,373,420</u>	<u>339,521</u>	<u>521,375</u>	<u>949,746</u>	<u>1,418,184</u>
Surplus (Deficit)	<u>\$ 1,251,695</u>	<u>\$ 175,694</u>	<u>\$ 8,451,089</u>	<u>\$ 36,461,718</u>	<u>\$ (2,808)</u>	<u>\$ 37,425</u>	<u>\$ 8,444,368</u>	<u>\$ 594,603</u>

# WASAGAMACK FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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

	Band Entities		Eliminations		TOTAL	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Federal Government						
ISC	\$	\$	\$	\$	\$ 45,354,424	\$ 59,320,874
FNIH					5,910,215	4,217,235
CMHC					194,199	307,765
ESDC					487,138	774,040
Other	-	-	-	-	-	26,860
Subtotal	-	-	-	-	51,945,976	64,646,774
Other revenue	<u>3,384,133</u>	<u>4,776,713</u>	<u>(2,292,648)</u>	<u>(1,891,207)</u>	<u>3,705,475</u>	<u>5,569,076</u>
Total revenue	<u>3,384,133</u>	<u>4,776,713</u>	<u>(2,292,648)</u>	<u>(1,891,207)</u>	<u>55,651,451</u>	<u>70,215,850</u>
Expenses						
Amortization	381,417	271,664			3,231,690	2,545,688
Debt servicing	57,988	42,830			113,371	76,714
Other	3,184,464	3,163,823	(2,292,648)	(1,891,207)	18,640,000	16,264,608
Salaries and benefits	<u>447,445</u>	<u>549,358</u>			<u>11,985,435</u>	<u>11,408,768</u>
Total expenses	<u>4,071,314</u>	<u>4,027,675</u>	<u>(2,292,648)</u>	<u>(1,891,207)</u>	<u>33,970,496</u>	<u>30,295,778</u>
Surplus (Deficit)	<u>\$ ( 687,181)</u>	<u>\$ 749,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,680,955</u>	<u>\$ 39,920,072</u>