

WUSKWI SIPIHK FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015
Audited

WUSKWI SIPIHK FIRST NATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
As at March 31, 2015

Management's Responsibility for Financial Reporting
Auditor's Report

SUMMARY FINANCIAL STATEMENTS

| | |
|--|------|
| Consolidated Statement of Financial Position | 3 |
| Consolidated Statement of Operations and Divisional Expenditures | 4-5 |
| Consolidated Statement of Changes in Net Debt | 6 |
| Consolidated Statement of Cash Flow | 7 |
| Notes to the Financial Statements | 8-20 |

PROGRAM REVENUES AND EXPENDITURES SCHEDULES

| | |
|-------------------------------------|------|
| Band Government | A-1 |
| - Community Operations | A-2 |
| - Employment and Job Creation | A-3 |
| Education Authority | A-4 |
| Medical Services | A-5 |
| Social Assistance | A-6 |
| Capital Facilities | A-7 |
| Economic Development Fund | A-8 |
| Gas Bar | A-9 |
| Land Holding Corporation | A-10 |
| Health Authority | A-11 |
| Gaming | A-12 |
| Social Housing Fund | A-13 |
| Capital Trust Moneys | A-14 |
| Revenue Trust Moneys | A-15 |

SCHEDULES

| | |
|--|-------------|
| Schedule of Amounts Receivable | B-1 - B-11 |
| Schedule of Accounts Payable | B-12 - B-17 |
| Schedule of Salaries, Honoraria and Travel Paid to Chief and Council | B-18 - B-19 |
| Schedule of Salaries and Travel Paid to Administrative Personnel | B-20 |
| Schedule of Health Authority - FNIHB Programs | B-21 |
| Schedule of Grant Contribution Funded Programs | B-22 |
| Schedule of Fixed Contribution Funded Programs | B-23 - B-32 |
| Schedule of Set Contribution Funded Programs | B-33 - B-38 |
| Schedule of Band Based Capital | B-39 |
| Schedule of Program Revenue and Expenses - Health Canada..... | B-40 |

WUSKWI SIPIHK FIRST NATION

March 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Wuskwi Sipiik First Nation and all the information in this annual audit are the responsibility of management and have been approved by the Chief and the Band Administrator on behalf of Council.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

Chief and Council are responsible for ensuring that management fulfills its responsibility for financial reporting and are ultimately responsible for reviewing and approving the financial statements.


Chief and Council, composed of elected Band Members, review the First Nation's financial statements and recommends their approval. They also meet periodically with management, as well as the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each part is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report.

The financial statements have been audited by R.M. Ellingson, CMA Corp., in accordance with Canadian generally accepted auditing standards on behalf of the members. R.M. Ellingson, CMA Corp. has full and free access to the Finance Department and Chief and Council.

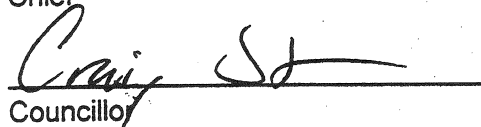
Approved on Behalf of Chief and Council:



Chief



Councillor



Councillor



Councillor



R.M. ELLINGSON

Certified Management Accountant Corp.

1506 Third Street North
Swan River, MB R0L 1Z0

Reg Ellingson, CMA

Shannon Bresky, Bus. Admin. Diploma

AUDITOR'S REPORT

TO THE CHIEF AND COUNCIL OF WUSKWI SIPIHK FIRST NATION

I have audited the accompanying consolidated financial statements of Wuskwi Sipiik first Nation which comprise the statement of financial position as at March 31, 2015 and the statements of surplus and operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Band's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted accounting standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in these financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of these financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of these financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of these financial statements.

Opinion

I was unable to obtain sufficient documentation to support certain revenue sources, payroll components, and expenditures that may have been incurred in the operation of the Gas Bar during the year. In addition, budgets were not approved by Council in the past fiscal year. As a result, I was unable to determine the existence, completeness, and accuracy of financial reporting of certain program components. I was not able to determine whether certain adjustments may be necessary to program revenues, expenditures, surpluses, and net assets.

In my opinion, except for the components as described above, I have concluded these financial statements present fairly the financial position of Wuskwi Sipiik First Nation as at March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Certified Management Accountant

Swan River, MB
July 29, 2015

WUSKWI SIIPIHK FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2015

3

| | <u>2015</u> | <u>2014</u> |
|---|----------------------------|----------------------------|
| FINANCIAL ASSETS | | |
| Cash and Temporary Investments (note 2) | \$ 112,875 | \$ 848,743 |
| Amounts Receivable (note 3 - 4) | 650,761 | 802,052 |
| Long-term Investments (note 5) | 345,071 | 346,281 |
| Inventories for Resale | 16,258 | 1,312 |
| | <u>\$ 1,124,965</u> | <u>\$ 1,998,388</u> |
| LIABILITIES | | |
| Accounts Payable (note 7 - 8) | \$ 2,484,796 | \$ 2,394,002 |
| Deferred Revenue (note 9) | 196,770 | 196,770 |
| Due to Treaty Land Entitlement | 251,966 | 326,965 |
| Long Term Debt (note 10) | 3,505,310 | 3,675,494 |
| Reserves (note 12) | 13,421 | 362,462 |
| | <u>6,452,263</u> | <u>6,955,693</u> |
| NET DEBT | <u>\$ (5,327,298)</u> | <u>\$ (4,957,305)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible Capital Assets (note 13) | 8,853,828 | 9,106,911 |
| Prepaid Expenses | - | 9,615 |
| | <u>8,853,828</u> | <u>9,116,526</u> |
| ACCUMULATED SURPLUS (DEFICIT) | <u><u>\$ 3,526,530</u></u> | <u><u>\$ 4,159,221</u></u> |

Economic Dependence (note 25)

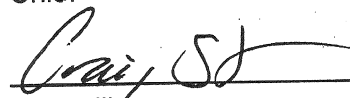
Approved on Behalf of Chief and Council:



Chief



Councillor



Councillor



Councillor

WUSKWI SIPIHK FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended March 31, 2015

| | 2015 | 2014 |
|---|---------------------|---------------------|
| REVENUE | | |
| Federal Government Transfer - AANDC | \$ 2,607,128 | \$ 2,586,658 |
| Provincial Government Transfer - Finance | - | 7,453 |
| Federal Government Transfer - Canada Gov't | 784,507 | 901,672 |
| Interest, Rentals, and Other | 227,227 | 189,241 |
| Swampy Cree Tribal Council | 47,146 | 46,296 |
| Investment Income | 199,298 | 183,170 |
| Gas Bar | 226,483 | 1,256,860 |
| Gaming | 79,695 | 109,962 |
| TLEC - 3rd Party | 36,071 | 76,691 |
| MB Hydro - Bipole | 17,889 | 9,027 |
| CMHC - Subsidy | 197,231 | 202,233 |
| CMHC - Insurance Proceed | - | 47,444 |
| Housing Rent | 173,981 | 178,080 |
| Less: Allocation to Reserves-Ottawa Trust | - | (5,328) |
| Less: Allocation to Reserves | - | (40,870) |
| Appropriation from Replacement Reserve | 334,051 | - |
| Appropriation from Surplus Reserve | 55,893 | 0 |
| TOTAL REVENUE | 4,986,600 | 5,748,589 |
| EXPENDITURES, see attached | 5,218,831 | 5,786,776 |
| SURPLUS ON OPERATIONS | \$ (232,231) | \$ (38,187) |
| Amortization | (400,460) | (472,678) |
| Other - Equity injection to Housing Authority | - | - |
| ANNUAL SURPLUS (DEFICIT) | (632,691) | (510,865) |
| ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF THE YEAR | 4,159,221 | 4,670,086 |
| ACCUMULATED SURPLUS (DEFICIT), END OF YEAR | \$ 3,526,530 | \$ 4,159,221 |

WUSKWI SIPIHK FIRST NATION**CONSOLIDATED STATEMENT OF DIVISIONAL EXPENDITURES****Year Ended March 31, 2015**

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|----------------------------|----------------------------|
| EXPENDITURES: | | |
| Band Government/Community Operations | \$ 1,390,951 | \$ 1,891,838 |
| Education Authority | 1,089,496 | 1,014,789 |
| Medical Services | 166,112 | 148,462 |
| Social Services | 565,411 | 472,263 |
| Capital Facilities | 15,135 | 16,486 |
| Economic Development Fund | 47,146 | 46,296 |
| Health Authority | 555,120 | 439,941 |
| Housing Authority | 865,027 | 198,715 |
| Gaming | 110,919 | 75,169 |
| Development Corporation o/a Gas Bar | <u>413,514</u> | <u>1,482,817</u> |
| TOTAL EXPENDITURES | <u><u>\$ 5,218,831</u></u> | <u><u>\$ 5,786,776</u></u> |

WUSKWI SIPIHK FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
Year Ended March 31, 2015

6

| | <u>2015 Actual</u> | <u>2014 Actual</u> |
|---|-------------------------------------|-------------------------------------|
| ANNUAL SURPLUS (DEFICIT) | \$ (632,691) | \$ (510,865) |
| Acquisition of Tangible Capital Assets | (147,377) | (298,939) |
| Amortization of Tangible Capital Assets | 400,460 | 476,959 |
| Decrease (Increase) in Work-In-Progress | - | 293,534 |
| Decrease (Increase) in Prepaid Expenses | <u>9,615</u> | <u>(7,986)</u> |
| Change in Net Financial Assets | (369,993) | (47,297) |
| NET DEBT, BEGINNING OF YEAR | <u>(4,957,305)</u> | <u>(4,910,008)</u> |
| NET DEBT, END OF YEAR | <u><u>\$ (5,327,298)</u></u> | <u><u>\$ (4,957,305)</u></u> |

WUSKWI SIPIHK FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
Year Ended March 31, 2015

7

| | <u>2015</u> | <u>2014</u> |
|---|---------------------------------|---------------------------------|
| OPERATING TRANSACTIONS | | |
| Cash Receipts from Government Funding and Other | \$ 5,137,891 | \$ 5,644,706 |
| Cash Paid to Suppliers and Employees | (5,141,717) | (4,823,491) |
| Interest Paid | (66,650) | (143,870) |
| | <u>(70,476)</u> | <u>677,345</u> |
| CAPITAL TRANSACTIONS | | |
| Acquisition of Fixed Assets (net) | <u>(147,377)</u> | <u>(298,939)</u> |
| INVESTING TRANSACTIONS | | |
| Decrease in Investments | <u>1,210</u> | <u>(7,731)</u> |
| FINANCING TRANSACTIONS | | |
| Proceeds of Long Term Debt | - | - |
| Repayment of Long Term Debt | (170,184) | (271,234) |
| Increase in Social Housing Fund Members' Equity | (349,548) | 77,066 |
| Redistribution of (Increase in) Ottawa Trust Funds | 507 | 5,327 |
| | <u>(519,225)</u> | <u>(188,841)</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (735,868) | 181,834 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>848,743</u> | <u>666,909</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 112,875</u></u> | <u><u>\$ 848,743</u></u> |

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The 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 Canadian Institute of Chartered Accountants.

b) Reporting Entity

The Wuskwi Sipiik First Nation reporting entity includes the Wuskwi Sipiik First Nation government and all related entities that are controlled by the First Nation.

The First Nation has been established primarily for the purposes of providing the delivery of essential services of the health, education, employment, social housing, economic development and service delivery for the members of the First Nation.

c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for any commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in Wuskwi Sipiik First Nation's financial statements include:

- Band Government/Community
- Community Services
- Employment and Job Creation
- Education Authority
- Medical Services
- Social Services
- Capital Facilities
- Economic Development Fund
- Development Corporation o/a Gas Bar
- Health Authority
- Gaming
- Land Holding Corporation
- Housing Authority
- Indian/Trust Moneys

d) Cash and Temporary Investments

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

e) Inventories for Resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

f) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by Chief and Council. Interest income is accrued on loans receivable to the extent it is deemed collectable.

g) Portfolio Investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

h) Non-Financial Assets

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific entity, transactions amongst entities have not been eliminated.

Entities with No Consolidation Requirement

The following entities' transactions are reported individually within the body of these financial statements. References to these entities are for information purposes only, however, they are not controlled in any way by the Wuskwi Sipiik First Nation. Therefore, there is no need for consolidation of the following entities:

Swampy Cree Tribal Council Inc.
 Swampy Cree Holdings Ltd.
 Cree Nation Tribal Health Centre Inc.
 Wuskwi Sipiik First Nation Treaty Land Entitlement Trust (see Note 13)

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available, have been recorded at current fair market values discounted by a relevant inflation factor.

The rates below are guidelines that will be applied upon completion of the listing. The amortization rate for housing is applying the principle pay down as amortized by Canada Mortgage and Housing Corporation. Only the Housing and Development Corporation have applied amortization within these financial statements.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Wuski Sipiik First Nation's incremental cost of borrowing.

Amortization is provided for on the guidelines listed below.

General Tangible Capital Assets

| | |
|--|----------------|
| Land | Indefinite |
| Land Improvements | 10 to 30 years |
| Buildings and leasehold improvements | |
| Buildings | 25 to 40 years |
| Leasehold improvements | Life of lease |
| Vehicles and Equipment | |
| Vehicles | 5 to 10 years |
| Machinery, equipment and furniture | 5 to 20 years |
| Maintenance and road equipment | 20 years |
| Computer Hardware and Software | 4 years |
| Housing (as per mortgage amortization) | 25 to 40 years |

Infrastructure Assets

| | |
|-------------------------|----------------|
| Transportation | |
| Land | Indefinite |
| Road surface | 20 years |
| Road grade | 20 to 40 years |
| Bridges | 30 to 45 years |
| Water and Sewer | |
| Land | Indefinite |
| Buildings | 25 to 40 years |
| Underground networks | 30 years |
| Machinery and equipment | 20 years |

Tangible capital assets are written down when conditions indicate that they no longer contribute to Wuskwi Sipiik First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service. Intangibles, Crown lands that have not been purchased by the Community, forests, water, and other natural resources are not recognized as tangible capital assets.

j) Leases

Leases are classified as capital or operation leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership or property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

k) Inventories Held for Use

Inventories held for consumption are recorded at the lower cost and replacement cost.

l) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

m) Foreign Currency Translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. The First Nation has minimal foreign currency exposure.

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2015

11

n) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

2. Cash and Cash Equivalents

| | 2015 | 2014 |
|------------------------------|-------------------|-------------------|
| Externally Restricted | | |
| Housing - Replacement | \$ - | \$ 293,665 |
| Internally Restricted | | |
| Education - Bus Fund | - | 11 |
| Unrestricted | | |
| Band Government | (7,947) | 96,919 |
| Education | (26,814) | (35,961) |
| Gaming | 418 | 2,259 |
| Health Authority | 69,850 | (2,228) |
| Gas Bar | 11,696 | (6,080) |
| Social Services | (43,715) | (43,819) |
| Housing | 109,387 | 543,977 |
| | <u>\$ 112,875</u> | <u>\$ 848,743</u> |

The First Nation designated \$293,665 (2013- \$25,785) to reserves for capital housing replacement and Indian Trust Monies for future purposes.

3. AMOUNTS RECEIVABLE

| | 2015 | 2014 |
|---------------------------------------|-------------------|-------------------|
| Due from Members: | | |
| Advances | \$ 216,583 | \$ 280,027 |
| Due from Others: | | |
| GST Rebate | 26,679 | 26,350 |
| Gas Bar Customers | 119,924 | 192,637 |
| Others | 235,331 | 158,643 |
| | <u>381,934</u> | <u>377,630</u> |
| | 598,517 | 657,657 |
| | <u>(216,583)</u> | <u>(89,484)</u> |
| Less: Allowance for Doubtful Accounts | | |
| | <u>\$ 381,934</u> | <u>\$ 568,173</u> |

Total Amounts Receivable

** See detailed list of Amounts Receivable - Schedule B-1 to B-13

4. DUE FROM GOVERNMENT and OTHER GOVERNMENT ORGANIZATIONS

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Federal Government | | |
| Aboriginal Affairs and Northern Development Canada | \$ 266,091 | \$ 117,693 |
| Health Canada | 2,736 | 43,735 |
| Solicitor General | - | 15,132 |
| Provincial Government | - | 38,203 |
| Other Government Organizations | - | 19,116 |
| | <u>\$ 268,827</u> | <u>\$ 233,879</u> |
| Total Amounts Receivable | | |

** See detailed list of Amounts Receivable - Schedule B-1 to B-13

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2015

12

5. LONG TERM INVESTMENTS

| | 2015 | 2014 |
|---|-------------------|-------------------|
| Swan Valley Consumers Co-Op | | |
| Patronage Equity Accounts: | | |
| - Band Operations | \$ 221 | \$ 468 |
| - Education | 356 | 719 |
| - Medical Services | 719 | 96 |
| - Health Authority | 239 | 715 |
| - Social | 14 | 1,268 |
| Aseneskak Casino Limited Partnership - One Unit | | |
| (14.29% ownership interest), at cost: | <u>330,101</u> | <u>330,101</u> |
| | <u>331,650</u> | <u>333,367</u> |
| Cash in Ottawa Trust see Note 6. | <u>13,421</u> | <u>12,914</u> |
| | <u>\$ 345,071</u> | <u>\$ 346,281</u> |

6. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

| | March 31 2014 | Additions 2015 | Withdrawals 2015 | March 31 2015 |
|---------|------------------|-------------------|---------------------|------------------|
| Revenue | \$ 11,992 | \$ 507 | \$ - | \$ 12,499 |
| Capital | 922 | - | - | 922 |
| | <u>\$ 12,914</u> | <u>\$ 507</u> | <u>\$ -</u> | <u>\$ 13,421</u> |

7. ACCOUNTS PAYABLE and ACCRUED LIABILITIES

| | 2015 | 2014 |
|---------------------------------------|---------------------|---------------------|
| Trade Payables | \$ 1,996,012 | \$ 2,058,671 |
| Accrued Salaries and Benefits Payable | 63,737 | 7,347 |
| Other Accrued Liabilities | <u>361,115</u> | <u>247,953</u> |
| | <u>\$ 2,420,864</u> | <u>\$ 2,313,971</u> |

** See detailed list of Accounts Payable - Schedule B-14 to B-19

8. DUE TO GOVERNMENT and OTHER GOVERNMENT ORGANIZATIONS

| | 2015 | 2014 |
|--------------------------------|------------------|------------------|
| Federal Government | \$ 63,932 | \$ 59,107 |
| Provincial Government | - | 20,924 |
| Other Government Organizations | <u>-</u> | <u>-</u> |
| | <u>\$ 63,932</u> | <u>\$ 80,031</u> |

** See detailed list of Amounts Receivable - Schedule B-14 to B-19

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2015

13

9. DEFERRED REVENUE

| | Balance March 31 2014 | Funding Received 2015 | Revenue Recognized 2015 | Transfer to Payables 2015 | Balance March 31 2015 |
|--|--------------------------------------|--------------------------------------|--|--|--------------------------------------|
| Federal Government - Capital Projects | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other - Insurance Proceeds | 196,770 | - | - | - | 196,770 |
| Total | <u>\$ 196,770</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 196,770</u> |

10. LONG TERM DEBT

| | 2015 | 2014 |
|--|-------------------|-------------|
| Wuskwi Sipiik First Nation Treaty Land Entitlement - loan repayable over 5 year term, estimated at \$58,000 per year, plus interest at 6.00% per annum. | \$ 290,000 | \$ 290,000 |
| First Peoples Fund Loan - repayable in monthly installments of \$1,134.00 per month at no interest. | 74,133 | 73,813 |
| Manitoba Lotteries - loan repayable in weekly installments of \$288.34 per week including interest at 4.50%. | 26,020 | 39,531 |
| First Nations Bank Loan - repayable in monthly installments of \$5,886.87 per month including interest at 5.25%. | 76,529 | 76,529 |
| Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$2,512 including interest at 2.40%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding). | 275,734 | 298,985 |
| Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$4,092 including interest at 1.62%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding). | 766,567 | 802,972 |
| Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$5,533 including interest at 4.00%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding). | 810,884 | 845,727 |
| Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$4,534 including interest at 2.610%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding). | 646,287 | 684,468 |

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2015

14

Canada Mortgage and Housing Corporation - mortgage repayable in monthly installments of \$2,406 including interest at 1.710%, secured by Registered Mortgage on housing units (secured by Ministerial guarantee equal to balance outstanding).

| | | |
|----------------------|---------------------|---------------------|
| | <u>539,156</u> | <u>563,469</u> |
| | 3,505,310 | 3,675,494 |
| Less Current Portion | <u>304,927</u> | <u>244,037</u> |
| | <u>\$ 3,200,383</u> | <u>\$ 3,431,457</u> |

Principle payments due within each of the next five years are as follows:

| | | |
|------|---------------------|-------------------|
| 2016 | \$ 304,927 | \$ 244,037 |
| 2017 | 246,537 | 165,967 |
| 2018 | 230,336 | 180,269 |
| 2019 | 234,405 | 172,336 |
| 2020 | 238,590 | 162,795 |
| | <u>\$ 1,254,795</u> | <u>\$ 925,404</u> |

11. LEASE COMMITMENT

The First Nation entered into a lease agreement with Zerox for office equipment. The terms are \$2,061.11 per quarter expiring September 30, 2016.

12. RESERVES

| | | |
|--|------------------|-------------------|
| | 2015 | 2014 |
| Funds on deposit with Indian and Northern Affairs Canada are held in a separate interest bearing bank account: | \$ 13,421 | \$ 12,914 |
| Social Housing Authority | - | 349,548 |
| | <u>\$ 13,421</u> | <u>\$ 362,462</u> |

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2015

13. TANGIBLE CAPITAL ASSETS

15

| Tangible Capital Assets | Cost | | | Accumulated Amortization | | | | | | Net Book Value Total 2015 | Net Book Value Total 2014 |
|--|----------------------|-------------------|------------------|--------------------------|----------------------|---------------------|-------------------|----------------------------------|---------------------|---------------------------------|---------------------------------|
| | Balance | Additions | Disposals | Transfers and Assets | Closing Balance | Opening Balance | Amort | Disposals, Write-offs Other Adj. | Closing Balance | | |
| Land | \$ 849,567 | \$ - | \$ - | \$ - | \$ 849,567 | \$ - | \$ - | \$ - | \$ - | \$ 849,567 | \$ 849,567 |
| Buildings | 8,489,232 | 34,898 | - | - | 8,524,130 | 2,297,223 | 256,272 | - | 2,553,495 | 5,970,635 | 6,192,009 |
| Roads and Bridges | 794,980 | - | - | - | 794,980 | 426,454 | 19,875 | - | 446,329 | 348,651 | 368,526 |
| Water & Sewer | 2,475,356 | - | - | - | 2,475,356 | 1,123,506 | 50,174 | - | 1,173,680 | 1,301,676 | 1,351,850 |
| Automotive Equipment | 467,050 | 108,354 | - | - | 575,404 | 243,150 | 39,306 | - | 282,456 | 292,948 | 223,900 |
| Equipment & Computers | 809,921 | 4,125 | - | - | 814,046 | 702,362 | 34,083 | - | 736,445 | 77,601 | 107,459 |
| Land Improvements | 32,598 | - | - | - | 32,598 | 19,098 | 750 | - | 19,848 | 12,750 | 13,500 |
| VLT Software | 186,099 | - | - | - | 186,099 | 186,099 | - | - | 186,099 | - | - |
| Total | 14,104,803 | 147,377 | - | - | 14,252,180 | 4,997,892 | 400,460 | - | 5,398,352 | 8,853,828 | 9,106,811 |
| Assets Under Construction | | | | | | | | | | | |
| Residential Buildings | 293,534 | - | (56,568) | (73,385) | 163,581 | - | - | (163,581) | (163,581) | - | - |
| Closing accum'd amortization | 293,534 | - | (56,568) | (73,385) | 163,581 | - | - | (163,581) | (163,581) | - | - |
| Net Book Value of Tangible Capital Assets | <u>\$ 13,811,269</u> | <u>\$ 147,377</u> | <u>\$ 56,568</u> | <u>\$ 73,385</u> | <u>\$ 14,088,599</u> | <u>\$ 4,997,892</u> | <u>\$ 400,460</u> | <u>\$ 163,581</u> | <u>\$ 5,561,933</u> | <u>\$ 8,853,828</u> | <u>\$ 9,106,811</u> |

14. CONSOLIDATION OF TREATY LAND ENTITLEMENT TRUST

The Treaty land Entitlement Trust has not been consolidated within these financial statements. The position has been taken that the Board of the TLE is independent of the Chief and Council of the First Nation. In addition, full disclosure of these statements has been approved by Chief and Council only. Accounts payable with the TLE have been disclosed for informational purposes. Funds held in trust by the TLE as at December 31, 2013 (audited-for informational purposes only):

| | |
|--|----------------------------|
| Land Acquisition | \$ - |
| Land Acquisition - Fixed Income Security | <u>1,878,479</u> |
| | <u><u>\$ 1,878,479</u></u> |

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2015

16

15. AANDC FUNDING RECONCILIATION

| | 2015 | 2014 |
|---------------------------------------|---------------------|---------------------|
| Total Funding per AANDC | \$ 2,548,187 | \$ 2,548,882 |
| Add: | | |
| Adjustment from prior Tuition | 56,997 | - |
| Adjustment to 2012/13 - Tuition | - | 8,610 |
| TPM - Requested Funds - audit fees | 9,771 | 29,526 |
| TPM - Requested Funds - Consulting | 7,755 | |
| Less: | | |
| Education Overpayment - Low Cost | - | (96) |
| Education Overpayment - Transporation | - | (264) |
| TPM Fees Requested and not advanced | | |
| TPM-Requested Fee denied -audit fees | (15,582) | - |
| | <u>\$ 2,607,128</u> | <u>\$ 2,586,658</u> |

16 BASIS OF OPERATIONS OF LAND HOLDING CORPORATION

Land acquiring by the Wuskwi Sipiik First Nation Treaty Land Entitlement and transferred to the Wuskwi Sipiik First Nation Land Holding Corporation:

| | 2015 | 2014 |
|------------------------------|-------------------|-------------------|
| Section 30-41-24 | \$ 86,285 | \$ 86,285 |
| NW 5-41-24 | 19,709 | 19,709 |
| NW 8-41-24 | 88,228 | 88,228 |
| NW 1-41-25, etc. | 66,926 | 66,926 |
| SW 32-38-23, etc. | 49,803 | 49,803 |
| NE 36-40-25, etc. | 146,037 | 146,037 |
| NE 25-40-25 | 55,000 | 55,000 |
| NE 6-39-26 | 91,000 | 91,000 |
| McKay Lots 22 and 25 | 5,500 | 5,500 |
| NW 6-39-26 | 141,079 | 141,079 |
| Lots 14-16 Block 29 Plan 426 | 100,000 | 100,000 |
| | <u>\$ 849,567</u> | <u>\$ 849,567</u> |

17 PENSION BENEFITS

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

The majority of the employees of the First Nation are members of the London Life Private Pension Plan, which is a single-employer defined contribution pension plan. The costs of the retirement plan are allocated to the individual entities within the First Nation.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by London Life by placing plan assets in trust and through their investment policy. The pension expense is based on the contribution rate.

| | 2015 | 2014 |
|-------------------------------|------------------|------------------|
| Vacation and overtime | \$ - | \$ - |
| Employee Benefits - Insurance | 3,244 | 10,837 |
| Pension Plan | 23,199 | 24,061 |
| | <u>\$ 26,443</u> | <u>\$ 34,898</u> |

18 FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Community is exposed to credit risk from customers. In order to reduce its credit risk, the Community reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Community has a significant number of customers which minimizes concentration of credit risk.

19 FAIR VALUE

The First Nation's carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

20 INTEREST RATE

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risk from interest rate fluctuations, the First Nation manages exposure through its normal operation and financing activities. The First Nation is exposed to minimal interest rate risk primarily through its implementation of fixed interest rate bank indebtedness and credit facilities.

21 BASIS OF PRESENTATION

The Statements of Revenue and Expenditures have been presented consistent with the Band's entity structure as per prior years. All grant, fixed, and set contribution funded revenue and expenditures have been presented on schedules B-25 to B-43 as per Department of Indian Affairs reporting requirements.

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2015

22 SEGMENT DISCLOSURE

18

No budgets were passed in 2015 and therefore are not presented.

| | EDUCATION | | HEALTH | | ECONOMIC DEVELOPMENT | | HOUSING | |
|-------------------------------|--------------------|---------------------|---------------------|-------------------|----------------------|---------------------|---------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | | | |
| Federal Government | \$ 1,224,390 | \$ 1,246,480 | \$ 647,881 | \$ 726,805 | \$ 47,146 | \$ 46,296 | \$ 197,231 | \$ 202,233 |
| Provincial Government | - | - | - | - | - | - | - | - |
| Economic Activities | - | - | - | - | 306,177 | 1,549,994 | - | - |
| Other Revenues | 10,654 | 6,307 | 10,572 | 9,073 | - | - | 508,032 | 184,654 |
| Total Revenue | 1,235,044 | 1,252,787 | 658,453 | 735,878 | 353,323 | 1,596,290 | 705,263 | 386,887 |
| Expenses | | | | | | | | |
| Salaries and benefits | 445,950 | 376,766 | 357,345 | 379,797 | 171,771 | 252,861 | - | - |
| Amortization | 22,040 | 22,040 | 38,006 | 35,596 | 27,829 | 66,598 | 156,995 | 188,172 |
| Debt Servicing | - | 4,614 | - | 5,132 | - | 21,206 | 62,906 | 69,623 |
| Other Expenses | 643,546 | 416,479 | 363,886 | 203,474 | 399,808 | 1,330,216 | 746,228 | 129,092 |
| Total Expense | 1,111,536 | 819,899 | 759,237 | 623,999 | 599,408 | 1,670,881 | 966,129 | 386,887 |
| Annual Surplus Deficit | \$ 123,508 | \$ 432,888 | \$ (100,784) | \$ 111,879 | \$ (246,085) | \$ (74,591) | \$ (260,866) | \$ - |
| | | | | | | | | |
| | COMMUNITY SERVICES | | BAND CAPITAL | | BAND GOVERNMENT | | SOCIAL SERVICES | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | | | |
| Federal Government | \$ 511,127 | \$ 740,967 | \$ - | \$ 47,490 | \$ 333,118 | \$ 190,515 | \$ 538,493 | \$ 536,073 |
| Provincial Government | 136,628 | 7,453 | - | - | - | - | - | - |
| Economic Activities | - | - | - | - | - | - | - | - |
| Other Revenues | 458,317 | 267,812 | - | 212 | - | 122 | 942 | 889 |
| Total Revenue | 1,106,072 | 1,016,232 | - | 47,702 | 333,118 | 190,637 | 539,435 | 536,962 |
| Expenses | | | | | | | | |
| Salaries and benefits | 457,514 | 35,597 | - | - | 260,591 | 400,693 | 87,453 | 5,648 |
| Amortization | - | - | - | - | 155,590 | 160,272 | - | - |
| Debt Servicing | - | - | - | - | - | 14,108 | - | 2,077 |
| Other Expenses | 455,485 | 1,520,350 | 15,136 | 16,486 | 217,362 | 160,272 | 477,958 | 457,071 |
| Total Expense | 912,999 | 1,555,947 | 15,136 | 16,486 | 633,543 | 735,345 | 565,411 | 464,796 |
| Annual Surplus Deficit | \$ 193,073 | \$ (539,715) | \$ (15,136) | \$ 31,216 | \$ (300,425) | \$ (544,708) | \$ (25,976) | \$ 72,166 |

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WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2015

19

| | INTER-SEGMENT | | | | CONSOLIDATED TOTALS | |
|-----------------------|------------------|------------------|--------------------|--------------------|---------------------|---------------------|
| | OTHER | | ELIMINATION | | 2015 | 2014 |
| | 2015 | 2014 | 2015 | 2014 | | |
| Revenues | | | | | | |
| Federal Government | \$ 47,146 | \$ 46,296 | \$ (47,146) | \$ (46,296) | \$ 3,499,386 | \$ 3,736,859 |
| Provincial Government | - | - | - | - | 136,628 | 7,453 |
| Economic Activities | - | - | - | - | 306,177 | 1,549,994 |
| Other Revenues | - | - | - | - | 988,517 | 469,069 |
| Total Revenue | 47,146 | 46,296 | (47,146) | (46,296) | 4,930,708 | 5,763,375 |
| Expenses | | | | | | |
| Salaries and benefits | - | - | - | - | 1,780,624 | 1,451,362 |
| Amortization | - | - | - | - | 400,460 | 472,678 |
| Debt Servicing | - | - | - | - | 62,906 | 116,760 |
| Other Expenses | - | - | - | - | 3,319,409 | 4,233,440 |
| Total Expense | - | - | - | - | 5,563,399 | 6,274,240 |
| Annual Surplus | | | | | | |
| (Deficit) | \$ 47,146 | \$ 46,296 | \$ (47,146) | \$ (46,296) | \$ (632,691) | \$ (510,865) |

23 EXPENSES BY OBJECT

The following is a summary of expenses by object.

| | 2015 | 2014 |
|--|---------------------|---------------------|
| Salaries and wages and benefits | \$ 1,750,365 | \$ 1,702,805 } |
| Bad Debts | 990,077 | 2,063 |
| Building Maintenance/Utilities | 176,359 | 31,046 |
| Staff development | 21,141 | 8,596 |
| Chief & Council - Salary & Honoraia (incl in Salaires) | - | 165,613 |
| Chief & Council - Travel | - | 2,116 |
| Travel - Staff | 172,231 | 60,617 |
| Interest | 226,573 | 149,335 |
| Insurance | 85,632 | 130,432 |
| Professional services/Contract Services | 545,640 | 121,203 |
| Rental expenditures | - | 31,217 |
| Office | 49,602 | 28,597 |
| Tution & student services | 17,275 | 574,504 |
| Supplies and operations | 325,599 | 321,777 |
| Social assistance | 433,108 | 455,512 |
| Capital expenditures | 20,859 | 298,939 |
| Health services | - | 72,892 |
| Inventory for resale | - | 1,194,661 |
| Administrative/Other | 3,910 | 748,576 |
| Amortization | 400,460 | 472,678 |
| | \$ 5,218,831 | \$ 6,573,179 |

24 PRIOR YEAR ADJUSTMENTS

No prior year adjustments were made in the March 31, 2015 fiscal year, as no adjustments were deemed necessary as a result of accounting error. Any adjustments as a result of estimates or other adjustments deemed necessary have been included in current year operations.

WUSKWI SIPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENT
As At March 31, 2015

25 ECONOMIC DEPENDENCE

20

Wuskwi Sipiik First Nation receives a major portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada.

26 BUDGET INFORMATION

Budget information is not disclosed. The Band did not prepare a budget in the fiscal year and therefore no disclosure of the budget information was available for these statements.

27 COMPARATIVE FIGURES

The prior year comparative figures have been restated to conform with current year presentation. Due to a lack of reporting controls some detail may not be correctly reported. See audit report.

28 CONTINGENT LIABILITIES

Wuskwi Sipiik First Nation, as a limited partner in the Aseneskak Casino Limited Partnership, has guaranteed the obligation of the Limited Partnership to a maximum of \$1.05 million dollars.

Wuskwi Sipiik First Nation has filed two legal claims as at the date of these financial statements. One is filed against Sakastew Inc., for investments uncollected. The second is primarily in respect to the housing construction contracts. In addition, a forensic audit investigation is under review pertaining to housing and operating controls. The potential materiality effect on costs can only be measurable and reported after the cases are resolved, which should occur within the next fiscal year.

Wuskwi Sipiik First Nation has one claim filed against the First Nation. This claim has been filed by a former employee for wrongful dismissal. The potential materiality effect can only be measured and reported after the case is resolved which should occur within the next fiscal year.