

**WUSKWI SIPHIK FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016**

WUSKWI SIPHIK FIRST NATION

MARCH 31, 2016

INDEX

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITORS' REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Debt	6
Consolidated Statement of Cash Flow	7
Notes to Consolidated Financial Statements	8 - 21

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Wuskwi Sipihk First Nation are the responsibility of management and have been approved by the Chief and Council.

The consolidated 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 Chartered Professional Accountants of Canada and as such include certain amounts based on estimates or judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated 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.

The First Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the First Nation's consolidated financial statements and recommends their approval to the membership. Chief and Council meet 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, to review the consolidated financial statements and the external auditors' report. The Chief and Council also consider and submit for approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by PKBW GROUP Chartered Accountants & Business Advisors Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. PKBW GROUP Chartered Accountants & Business Advisors Inc. have full and free access to Chief and Council.

A handwritten signature in black ink, appearing to read "Eduardo Soto". The signature is enclosed within a large, thin-lined oval.

Chief



G R O U P

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

INDEPENDENT AUDITORS' REPORT

To The Members of Wuskwi Sipihk First Nation and Chief and Council:

We have audited the accompanying consolidated financial statements of Wuskwi Sipihk First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, changes in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

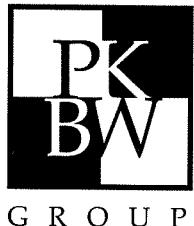
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

Except as described in the basis for qualified opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

During the course of our audit for the current year, we were unable to obtain satisfactory evidence to determine the reasonability and accuracy of the gross profit and gross profit margin of the Gas Bar. Consequently, we were unable to determine whether any adjustments, if any, might be required to adjust revenues and cost of sales of the Gas Bar.

We were unable to obtain satisfactory audit verification of inventory for the current year. Accordingly, we were not able to determine whether any adjustments might be necessary to expenses, annual surplus, assets, and accumulated surplus.



CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Qualified Opinion

In our opinion, except for the effect of adjustments described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wuskwi Sipihk First Nation as at March 31, 2016 and the consolidated statements of operations, changes in net debt, and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The prior years financial statements were audited by another Chartered Professional Accountant firm whose Independent Auditor's Report was initially dated July 29, 2015, and subsequently dated August 29, 2015 for a correction of error to reclassify restricted reserves from liabilities to accumulated surplus in order to comply with Canadian public sector accounting standards.

Winnipeg, Manitoba
November 25, 2016

A handwritten signature in black ink that reads 'PKBw Group'.

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

WUSKWI SIPHIK FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

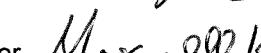
	2016	2015
FINANCIAL ASSETS		
Cash (Note 3)	\$ 403,678	112,875
Cash in Ottawa Trusts (Note 4)	46,272	13,421
Accounts receivable (Note 5)	65,474	353,702
Due from government and other government organizations (Note 6)	62,796	268,827
Long term investments (Note 8)	<u>331,650</u>	<u>331,650</u>
	<u>909,870</u>	<u>1,080,475</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	2,726,787	2,654,829
Due to government and other governmental organizations (Note 10)	48,073	63,932
Deferred revenue (Note 11)	196,770	196,770
Due to Treaty Land Entitlement (Note 12)	251,966	251,966
Long-term debt (Note 14)	<u>3,579,923</u>	<u>3,605,310</u>
	<u>6,803,519</u>	<u>6,772,807</u>
NET DEBT	<u>(5,893,649)</u>	<u>(5,692,332)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	8,746,143	8,853,828
Inventories for resale (Note 7)	20,039	16,258
Prepaid expenses and deferred charges	<u>10,544</u>	-
	<u>8,776,726</u>	<u>8,870,086</u>
ACCUMULATED SURPLUS	<u>\$ 2,883,077</u>	<u>3,177,754</u>

APPROVED BY THE FIRST NATION:

 Chief

 Councillor  Councillor

 Councillor  Councillor

 Councillor  Councillor

**WUSKWI SIPHIK FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2016**

	<u>Budget</u> (Note 18)	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
REVENUE			
Federal government transfers for operating	\$ 2,978,358	3,194,208	3,289,942
Federal government transfers for capital	75,600	82,950	183,954
Provincial government transfers for operating	-	136,629	136,628
Economic activities	-	1,020,467	306,177
Other revenue	<u>113,860</u>	<u>954,575</u>	<u>348,440</u>
	<u>3,167,818</u>	<u>5,388,829</u>	<u>4,265,141</u>
EXPENSES			
Health	810,752	838,941	721,231
Education	808,524	930,426	1,039,076
Social services	557,337	404,320	565,411
Economic Development	-	184,934	47,146
Public works	520,707	600,462	988,556
Housing	-	101,448	151,791
Band government	434,607	946,845	774,095
Private enterprises	-	1,088,375	524,433
Interest	-	90,624	296,871
Amortization of tangible capital assets	<u>-</u>	<u>497,131</u>	<u>400,460</u>
	<u>3,131,927</u>	<u>5,683,506</u>	<u>5,509,070</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>35,891</u>	<u>(294,677)</u>	<u>(1,243,929)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR , as previously reported	\$ 3,177,754	3,511,719	4,521,683
CORRECTION OF PRIOR PERIOD ERROR (Note 19)	<u>-</u>	<u>(233,965)</u>	<u>(100,000)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR , as restated	3,177,754	3,177,754	4,421,683
ANNUAL SURPLUS (DEFICIT)	<u>35,891</u>	<u>(294,677)</u>	<u>(1,243,929)</u>
ACCUMULATED SURPLUS, END OF YEAR	\$ <u>3,213,645</u>	<u>2,883,077</u>	<u>3,177,754</u>

WUSKWI SAPIHK FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2016

	<u>Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 35,891</u>	<u>(294,677)</u>	<u>(1,243,929)</u>
Tangible capital assets			
Acquisition of tangible capital assets	-	(389,446)	(147,377)
Amortization of tangible capital assets	-	497,131	400,460
Other non-financial assets	-	107,685	253,083
Consumption (acquisition) of inventories	-	(3,781)	(16,258)
Consumption (acquisition) of prepaid expenses	-	(10,544)	9,615
	-	(14,325)	(6,643)
DECREASE (INCREASE) IN NET DEBT	<u>35,891</u>	<u>(201,317)</u>	<u>(997,489)</u>
NET DEBT, BEGINNING OF YEAR, as previously reported	<u>(5,576,074)</u>	<u>(5,342,109)</u>	<u>(4,594,843)</u>
CORRECTION OF PRIOR PERIOD ERROR (Note 19)	<u>-</u>	<u>(233,965)</u>	<u>(100,000)</u>
NET DEBT, BEGINNING OF YEAR, as restated	<u>(5,576,074)</u>	<u>(5,692,332)</u>	<u>(4,694,843)</u>
NET DEBT, END OF YEAR	<u>\$ (5,540,183)</u>	<u>(5,893,649)</u>	<u>(5,692,332)</u>

WUSKWI SAPIHK FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2016

	2016	2015
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual deficit	\$ (294,677)	(1,243,929)
Add back non-cash item(s):		
Amortization of tangible capital assets	<u>497,131</u>	<u>400,460</u>
	202,454	(843,469)
Change in non-cash working capital:		
Accounts receivable	288,228	214,471
Due from government and other government organizations	206,031	(34,948)
Inventories for resale	(3,781)	(14,946)
Long term investments	-	1,717
Accounts payable and accrued liabilities	71,958	340,858
Due to government and other governmental organizations	(15,859)	(16,099)
Due to Treaty Land Entitlement	-	(74,999)
Prepaid expenses and deferred charges	<u>(10,544)</u>	<u>9,615</u>
	<u>738,487</u>	<u>(417,800)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(389,446)</u>	<u>(147,377)</u>
FINANCING ACTIVITIES		
Long-term debt repayments	<u>(25,387)</u>	<u>(170,184)</u>
INCREASE (DECREASE) IN CASH	323,654	(735,361)
CASH, BEGINNING OF YEAR	126,296	861,657
CASH, END OF YEAR	\$ 449,950	126,296
CASH IS REPRESENTED BY:		
Cash	\$ 403,678	112,875
Cash in Ottawa Trusts	<u>46,272</u>	<u>13,421</u>
	\$ 449,950	126,296

WUSKWI SAPIHK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The First Nation follows the INAC accounting guidelines as set out in the "Year End Reporting Handbook for funding agreements covering fiscal year 2015-2016" which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

(b) Reporting Entity

Wuskwi Sipihk First Nation is a non-profit Indian Band as defined by Indigenous and Northern Affairs Canada (INAC). The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas. Wuskwi Sipihk First Nation reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

(c) Basis of Consolidation

All controlled entities are fully consolidated on a line-by-line basis. This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. These financial statements include the financial assets, liabilities, net debt, non-financial assets, accumulated surplus, revenue and expenses for the following entities controlled or owned by the First Nation:

Wuskwi Sipihk First Nation
Wuskwi Sipihk Education Authority
Wuskwi Sipihk Health Authority
Wuskwi Sipihk Gas Bar
Wuskwi Sipihk Social Services
Wuskwi Sipihk Employment and Job Creation
Wuskwi Sipihk Capital Facilities
Wuskwi Sipihk Social Housing Fund
Wuskwi Sipihk VLT
Wuskwi Sipihk Social Housing Fund
Wuskwi Sipihk Economic Development Fund

(d) 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.

(e) Inventory

Inventories for resale are stated at the lower of cost and net realizable value with cost being determined using the first-in, first-out method.

WUSKWI SAPIHK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are reported at gross cost. Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized to income at the same rate as the related asset.

Certain assets which have historical or cultural value, including works of art, historical documents and 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.

Amortization of tangible capital assets is recognized as an expense in the Statement of Operations.

Amortization is provided for on a straight-line basis at the rates in the table that follows.

Land improvements	10 - 30 years
Buildings	25 - 40 years
Equipment	5 - 20 years
Vehicles	5 - 10 years
Computers	4 years
Infrastructure	20 - 50 years
Roads and bridges	20 - 45 years
Water and sewer	20 - 40 years
Housing	25 - 40 years

(g) Deferred Revenue

Deferred revenue represents unspent Government transfers for programs where eligibility criteria have not been met at year end. The unspent revenue is carried forward to be recognized as eligibility criteria is met or until the funder deems the surplus to be repayable at which time an amount payable is recognized.

(h) Revenue Recognition

Government transfers

Transfers from the Government of Canada are recognized as revenue in the year the entitlement has been authorized, when any eligibility criteria have been met and when the amount can be reasonably estimated.

Other revenue

Restricted other revenue is recognized as revenue in the year in which the related expenses are incurred and when the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted other revenue is recognized when:

- services have been performed, or
- goods have been delivered, or
- the amount has been received or is receivable, and when the amount can be reasonably estimated and collection is reasonably assured.

WUSKWI SIPHK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 is comprised of two components, non-financial assets and accumulated surplus.

(j) Segmented Information

The First Nation discloses segmented results of operations for the year in note 22 to the consolidated financial statements. The First Nation has segregated its activities into the following segments based on distinguishable groups of activities;

Health

Wuskwi Sipihk Health Authority

Education

Wuskwi Sipihk Education Authority

Social

Social services

Economic Development

Economic development program

Human Resource Development Strategy

Public Works

Community services

Operations and maintenance

Policing, security and protection

Housing

CMHC housing

Capital housing projects

Band Government

Band administration

Capital projects

Legal Settlements

Private Enterprises

Wuskwi Sipihk VLT

Wuskwi Sipihk Gas Bar

(k) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

WUSKWI SAPIHK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments

Financial instruments held by the First Nation include cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities, amounts due to/from government and other government organizations and long term debt. The First Nation initially measures its financial instruments at fair value when the asset or liability is first recognized. The First Nation subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

2. RISK MANAGEMENT

(a) Credit Risk

Credit risk is the risk that a counterparty will default on its financial liabilities. Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of cash and accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

(b) Interest Rate Price Risk

It is management's opinion that the First Nation is exposed to interest rate price risk due to long-term debt being at being at a fixed rate.

(c) Liquidity Risk

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations related to financial liabilities as they come due. Financial liabilities consist of accounts payable and accrued liabilities and long-term debt. Accounts payable and accrued liabilities are paid in the normal course of operations and except under certain exceptions, no later than three months. See Note 14 for the repayment schedule of long-term debt. The First Nation has insufficient financial assets to meet or settle its current liabilities.

The First Nation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At March 31, 2016, the First Nation has a cash balance of \$403,678 and a net debt position of \$5,893,649. Management of the First Nation are working to reduce the debt through careful management of expenditures. Additionally, \$3,579,923 of the debt relates to long-term debt, which is primarily comprised of loans on CMHC housing project. The assets are recorded under non-financial assets on the consolidated statement of financial position.

3. CASH

	2016	2015
--	-------------	-------------

Unrestricted - operating	\$ <u>403,678</u>	<u>112,876</u>
--------------------------	-------------------	----------------

WUSKWI SAPIHK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

4. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2015</u>	<u>Additions 2015/2016</u>	<u>Withdrawals 2015/2016</u>	<u>March 31, 2016</u>
Revenue	\$ 12,499	32,851	-	45,350
Capital	<u>922</u>	<u>-</u>	<u>-</u>	<u>922</u>
	<u>\$ 13,421</u>	<u>32,851</u>	<u>-</u>	<u>46,272</u>

The trust funds arise 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

5. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Due from members	\$ 212,423	216,583
GST rebates	28,552	26,679
Gas bar customers	986	119,924
Other	<u>247,701</u>	<u>207,099</u>
	489,662	570,285
Less: Allowance for doubtful accounts	<u>(424,188)</u>	<u>(216,583)</u>
	<u>\$ 65,474</u>	<u>353,702</u>

6. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2016</u>	<u>2015</u>
Federal government		
INAC	\$ 49,135	266,091
Health Canada	<u>13,661</u>	<u>2,736</u>
	<u>\$ 62,796</u>	<u>268,827</u>

7. INVENTORIES FOR RESALE

	<u>2016</u>	<u>2015</u>
Wuskwi Sipihk Gas Bar	<u>\$ 20,039</u>	<u>16,258</u>

8. LONG TERM INVESTMENTS

	<u>2016</u>	<u>2015</u>
Patronage equity accounts	\$ 1,549	1,549
Aseneskak Casino Limited Partnership - 14.29% ownership	<u>330,101</u>	<u>330,101</u>
	<u>\$ 331,650</u>	<u>331,650</u>

WUSKWI SIPIHK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>2016</u>	<u>2015</u>
Trade payables	\$ 2,202,384	2,229,977
Accrued salaries and benefits	357,956	63,737
Other accrued liabilities	<u>166,447</u>	<u>361,115</u>
	<u><u>\$ 2,726,787</u></u>	<u><u>2,654,829</u></u>

10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2016</u>	<u>2015</u>
INAC	<u>\$ 48,073</u>	<u>63,932</u>

11. DEFERRED REVENUE

	<u>Balance March 31, 2015</u>	<u>Funding Received 2015/2016</u>	<u>Revenue Recognized/ Repaid 2015/2016</u>	<u>Balance March 31, 2016</u>
Other				
Insurance proceeds	<u>\$ 196,770</u>	<u>-</u>	<u>-</u>	<u>196,770</u>

12. TREATY LAND ENTITLEMENT TRUST

The Treaty Land Entitlement (TLE) Trust has not been consolidated within these financial statements. The position has been taken that the Board of the TLE Trust is independent of the Chief and Council of the First Nation. Funds held in trust by the TLE Trust as at March 31, 2016 total \$929,861.

13. CONTINGENT LIABILITY

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

In the current year a claim was filed by a former employee claiming wrongful dismissal. The claim totals \$71,400. The outcome is not determinable as initial adjudication has not yet occurred.

WUSKWI SAPIHK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

14. LONG-TERM DEBT	<u>2016</u>	<u>2015</u>
Wuskwi Sipihk First Nation Land Entitlement - loan repayable over a 5 year term, estimated at \$58,000 per year, plus interest at 6.00% per annum.	\$ 390,000	390,000
First Peoples Fund Loan - repayable in monthly installments of \$1,134, interest free, maturing on June 27, 2021.	72,633	74,133
Manitoba Lotteries - loan repayable in weekly installments of \$510, interest charged at 2.35%. Balance due on September 2, 2022.	158,448	26,020
First Nations Bank Loan - repayable on demand, interest charged at 4.95%.	76,529	76,529
CMHC mortgage payable, interest at 2.4%, repayable in blended monthly installments of \$2,512, secured by a Ministerial Guarantee, CMHC undertaking to insure and assignment of fire insurance, maturing July 1, 2025, with a renewal date of May 1, 2016.	251,935	275,734
CMHC mortgage payable, interest at 1.62%, repayable in blended monthly installments of \$4,092, secured by a Ministerial Guarantee, CMHC undertaking to insure and assignment of fire insurance, maturing March 1, 2033, with a renewal date of March 1, 2018.	729,597	766,567
CMHC mortgage payable, interest at 4.00%, repayable in blended monthly installments of \$5,533, secured by a Ministerial Guarantee and assignment of fire insurance, maturing July 1, 2033, with a renewal date of October 1, 2018.	775,242	810,884
CMHC mortgage payable, interest at 2.61%, repayable in blended monthly installments of \$4,534, secured by a Ministerial Guarantee and assignment of fire insurance, maturing June 1, 2029, with a renewal date of September 1, 2019.	606,198	646,287
CMHC mortgage payable, interest at 1.71%, repayable in blended monthly installments of \$2,406, secured by a Ministerial Guarantee and assignment of fire insurance, maturing September 1, 2037, with a renewal date of September 1, 2017.	<u>519,341</u>	<u>539,156</u>
	<u><u>\$ 3,579,923</u></u>	<u><u>3,605,310</u></u>

The principal portion of long-term debt is repayable for the years ended as follows:

March 31, 2017	\$ 946,537
2018	158,900
2019	162,463
2020	166,134
2021	169,911
Thereafter	<u>1,975,978</u>
	<u><u>\$ 3,579,923</u></u>

WUSKWI SAPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

15. TANGIBLE CAPITAL ASSETS

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Additions	Transfers / Disposals	Closing Balance	Opening Balance	Amortization	Disposals and write offs	Closing Balance	Total 2016	Total 2015
Tangible Capital Assets										
Land	\$ 849,567	-	-	849,567	-	-	-	-	849,567	849,567
Buildings	8,524,130	-	-	8,524,130	2,553,495	237,562	-	2,791,057	5,733,073	5,970,635
Roads and bridges	794,980	-	-	794,980	446,329	19,874	-	466,203	328,777	348,651
Water and sewer	2,475,356	-	-	2,475,356	1,173,680	83,165	-	1,256,845	1,218,511	1,301,676
Equipment and computers	814,046	113,307	-	927,353	736,445	62,123	-	798,568	128,785	77,601
Vehicles	575,404	126,539	-	701,943	282,456	72,286	-	354,742	347,201	292,948
Land improvements	32,598	-	-	32,598	19,848	750	-	20,598	12,000	12,750
VLT Software	186,099	149,600	186,099	521,798	186,099	21,371	186,099	393,569	128,229	-
TOTAL	\$14,252,180	389,446	186,099	14,827,725	5,398,352	497,131	186,099	6,081,582	8,746,143	8,853,828

WUSKWI SAPIHK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

16. GOVERNMENT TRANSFERS

	<u>Operating</u>	<u>Capital</u>	<u>Total 2016</u>
Indigenous and Northern Affairs Canada	\$ 2,229,935	82,950	2,312,885
Health Canada	742,617	-	742,617
Canada Mortgage and Housing Corporation	139,927	-	139,927
Public Safety Canada	33,626	-	33,626
Swampy Cree Tribal Council	<u>48,103</u>	<u>-</u>	<u>48,103</u>
	3,194,208	82,950	3,277,158
Province of Manitoba	<u>136,629</u>	<u>-</u>	<u>136,629</u>
	<u>\$ 3,330,837</u>	<u>82,950</u>	<u>3,413,787</u>

	<u>Operating</u>	<u>Capital</u>	<u>Total 2015</u>
Indigenous and Northern Affairs Canada	\$ 1,698,608	183,954	1,882,562
Health Canada	1,309,159	-	1,309,159
Canada Mortgage and Housing Corporation	193,612	-	193,612
Public Safety Canada	33,626	-	33,626
Swampy Cree Tribal Council	<u>47,146</u>	<u>-</u>	<u>47,146</u>
Other Federal funding	<u>7,791</u>	<u>-</u>	<u>7,791</u>
	3,289,942	183,954	3,473,896
Province of Manitoba	<u>136,628</u>	<u>-</u>	<u>136,628</u>
	<u>\$ 3,426,570</u>	<u>183,954</u>	<u>3,610,524</u>

17. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

18. BUDGET INFORMATION

The unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

19. CORRECTION OF PRIOR PERIOD ERROR

A correction was made to increase the amount owing to Northern Specialties Ltd. for the judgment granted on September 5, 2014 relating to the amount of debt and interest outstanding. This resulted in an increase of \$233,965 to accounts payable and accrued liabilities and a decrease of the same amount to the accumulated surplus.

A correction was made to adjust the 2015 Treaty Land Entitlement Trust balances. This adjustment resulted in an increase to long term debt of \$100,000 and a decrease of \$100,000 to the accumulated surplus.

WUSKWI SAPIHK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

20. PENSION BENEFITS

Employees of the First Nation are members of the London Life Private Pension Plan, which is a defined contribution pension plan. The costs of the pension plan have been allocated to the individual entities of the First Nation.

21. EXPENSES BY OBJECT

	2016	2015
Administration and office	\$ 206,153	237,131
Amortization of tangible capital assets	497,131	400,460
Program expense	44,906	9,538
Professional fees	355,167	370,776
Bank charges and interest	63,730	64,458
Business development	10,686	10,058
Capital materials and equipment	64,156	157,944
Fuel	71,520	56,666
Bad debts	152,838	213,993
Insurance	142,784	142,149
Debt service	18,442	62,906
Operations and maintenance	211,117	128,946
Recoveries	-	20,050
Rent	24,400	8,443
Social assistance	375,867	480,849
Supplies and materials	830,107	337,605
Telephone and communications	33,188	33,824
Training	76,667	27,608
Travel and accommodations	234,724	176,766
Tuition	309,785	237,351
Utilities	51,932	93,139
Salaries and benefits	1,597,709	1,780,624
VLT dollars out	<u>310,497</u>	<u>223,821</u>
	<u>\$ 5,683,506</u>	<u>5,509,070</u>

WUSKWI SAPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

22. SEGMENTED INFORMATION

	HEALTH			EDUCATION			SOCIAL		
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015
REVENUES									
Federal Government									
Operating Transfers	\$ 743,310	756,617	626,010	\$ 951,645	1,031,552	1,116,036	572,151	440,179	538,493
Capital Transfers	-	-	-	-	-	108,354	-	-	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Economic Activities	-	-	-	-	-	-	-	-	-
Other	68,000	65,810	10,572	20,000	42,608	10,654	-	-	942
	811,310	822,427	636,582	971,645	1,074,160	1,235,044	572,151	440,179	539,435
EXPENSES									
Salaries and benefits	438,432	432,369	357,345	311,830	313,869	425,974	49,000	47,376	87,453
Debt servicing	-	-	-	-	-	-	-	29,799	-
Amortization	-	27,972	38,006	-	19,932	22,040	-	-	-
Other	372,320	406,572	363,886	496,694	616,557	613,102	508,337	356,944	477,958
	810,752	866,913	759,237	808,524	950,358	1,061,116	557,337	434,119	565,411
ANNUAL SURPLUS (DEFICIT)	\$ 558	(44,486)	(122,655)	163,121	123,802	173,928	14,814	6,060	(25,976)
ADJUSTMENTS									

(i) The imputed value of Band supported housing provided to band members totaling \$119,391 is included as an expense in the Band Administration program and as rental income in the CMHC Housing Authority program.

WUSKWI SAPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

22. SEGMENTED INFORMATION

	ECONOMIC DEVELOPMENT			PUBLIC WORKS			HOUSING		
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015
REVENUES									
Federal Government									
Operating Transfers	-	48,103	47,146	425,704	458,930	435,527	-	139,927	193,612
Capital Transfers	-	-	-	75,600	82,950	75,600	-	-	-
Provincial Government									
Operating Transfers	-	136,629	136,628	-	-	-	-	-	-
Economic Activities	-	-	-	-	-	-	-	-	-
Other	-	-	-	25,860	27,258	458,316	-	178,080	178,080
	-	184,732	183,774	527,164	569,138	969,443	-	318,007	371,692
EXPENSES									
Salaries and benefits	-	48,432	-	215,611	269,245	533,072	-	-	-
Debt servicing	-	-	-	-	-	-	-	57,689	62,906
Amortization	-	-	-	-	-	-	-	128,170	156,995
Other	-	136,502	47,146	305,096	331,217	455,484	-	101,448	151,791
	-	184,934	47,146	520,707	600,462	988,556	-	287,307	371,692
ANNUAL SURPLUS (DEFICIT)	-	(202)	136,628	6,457	(31,324)	(19,113)	-	30,700	-

WUSKWI SAPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

22. SEGMENTED INFORMATION

	BAND GOVERNMENT			PRIVATE ENTERPRISES			OTHER		
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015
REVENUES									
Federal Government									
Operating Transfers	285,548	318,900	333,118	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Economic Activities	-	-	-	-	1,020,467	306,177	-	-	-
Other	-	760,210	-	-	-	-	-	-	(310,124)
	285,548	1,079,110	333,118	-	1,020,467	306,177	-	-	(310,124)
EXPENSES									
Salaries and benefits	211,259	281,153	205,009	-	205,265	171,771	-	-	-
Debt servicing	-	3,136	233,965	-	-	-	-	-	-
Amortization	-	270,598	155,590	-	50,459	27,829	-	-	-
Other	223,348	785,083	569,086	-	883,110	352,662	-	-	-
	434,607	1,339,970	1,163,650	-	1,138,834	552,262	-	-	-
ANNUAL SURPLUS (DEFICIT)	(149,059)	(260,860)	(830,532)	-	(118,367)	(246,085)	-	-	(310,124)

WUSKWI SAPIHK FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

22. SEGMENTED INFORMATION

	ADJUSTMENTS			CONSOLIDATED TOTAL		
	Budget 2016	2016	2015	Budget 2016	2016	2015
REVENUES						
Federal Government						
Operating Transfers	-	-	-	2,978,358	3,194,208	3,289,942
Capital Transfers	-	-	-	75,600	82,950	183,954
Provincial Government						
Operating Transfers	-	-	-	-	136,629	136,628
Economic Activities	-	-	-	-	1,020,467	306,177
Other	-	(119,391)	-	113,860	954,575	348,440
	-	(119,391)	-	3,167,818	5,388,829	4,265,141
EXPENSES						
Salaries and benefits	-	-	-	1,226,132	1,597,709	1,780,624
Debt servicing	-	-	-	-	90,624	296,871
Amortization	-	-	-	-	497,131	400,460
Other	-	(119,391)	-	1,905,795	3,498,042	3,031,115
	-	(119,391)	-	3,131,927	5,683,506	5,509,070
ANNUAL SURPLUS (DEFICIT)						
	-	-	-	35,891	(294,677)	(1,243,929)