

Anishinabe of Wauzhushk Onigum Nation
Financial Statements
For the year ended March 31, 2018

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Anishinabe of Wauzhushk Onigum Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of the First Nation.

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.


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

The Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standard on behalf of the members. BDO Canada LLP has full access to the First Nation Council.



Chief



Councillor



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Independent Auditor's Report

To the Members of Anishinabe of Wauzhushk Onigum Nation

We have audited the accompanying financial statements of Anishinabe of Wauzhushk Onigum Nation, which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statement of operations, consolidated statement of changes in net financial assets (debt) and consolidated statement of cash flows for the years 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 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 the consolidated financial statements in order to design audit procedures that are appropriate under 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 presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for Qualified Opinion

The First Nation derives revenue from gaming activities, the completeness of which is not susceptible to satisfactory audit verification due to a lack of dual custody over cash and gaming cards. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to gaming revenues, annual surplus (deficit) and cash flows from operations for the years ended March 31, 2018 and March 31, 2017, financial assets as at March 31, 2018 and March 31, 2017 and accumulated surplus as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.



The Summary of Significant Accounting Policies describes the capitalization policies with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of the financial statements, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets, as disclosed in Note 11. Consequently, we were unable to determine whether any adjustments might be necessary to tangible capital assets, accumulated amortization and accumulated surplus as at April 1, 2017 and 2018 and March 31, 2018 and 2017 and amortization expense and annual surplus (deficit) for the years ended March 31, 2018 and 2017.

Qualified Opinion

In our opinion, except for the effects and possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Anishinabe of Wauzhushk Onigum Nation as at March 31, 2018 and the results of its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

BDO Canada LP



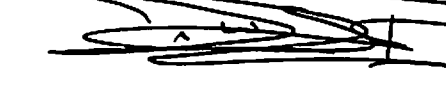
Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
August 29, 2018

**Anishinabe of Wauzhushk Onigum Nation
Consolidated Statement of Financial Position**

As at March 31	2018	2017
Assets		
Financial Assets		
Cash and bank (Note 1)	\$ 675,193	\$ 1,761,221
Temporary investments (Note 2)	201,563	200,000
Accounts receivable (Note 3)	887,785	816,636
Inventory for resale	36,863	41,967
Due from related entity (Note 4)	116,362	370,417
Investment in government business enterprise (Note 5)	2,913,718	2,298,554
Ottawa Trust Funds (Note 8)	48,813	47,799
	4,880,297	5,536,594
Liabilities		
Bank indebtedness (Note 10)	214,957	-
Accounts payable and accrued liabilities (Note 6)	1,258,696	790,384
Deferred revenue (Note 9)	388,851	1,013,785
Long-term debt (Note 7)	3,505,078	3,608,254
	5,367,582	5,412,423
Net Financial Assets (Debt)	(487,285)	124,171
Non-Financial Assets		
Prepaid expenses	18,009	18,687
Tangible capital assets (Note 11)	14,468,438	12,727,476
	14,486,447	12,746,163
Accumulated surplus (Note 12)	\$ 13,999,162	\$ 12,870,334

Approved on behalf of Council:

	Chief
	Councillor
	Councillor

Anishinabe of Wauzhushk Onigum Nation Consolidated Statement of Operations

For the year ended March 31	Budget (Note 19)	2018	2017
Revenue (Note 14)			
Indigenous and Northern Affairs Canada	\$ 2,943,441	\$ 4,978,231	\$ 4,019,344
Canada Mortgage and Housing Corporation	-	347,683	180,662
Health Canada	363,673	466,647	481,698
Other Government of Canada	102,295	-	302,318
Province of Ontario	157,250	1,690,327	1,802,494
Shooniyya Wa-Biitong	-	130,144	152,875
Ontario First Nations Limited Partnership	-	753,780	566,196
Rent	-	168,861	169,658
Other revenue (Note 16)	-	2,765,460	2,874,877
Net income from government business enterprise (Note 5)	-	607,802	729,039
	<u>3,566,659</u>	<u>11,908,935</u>	<u>11,279,161</u>
Expenses			
Band support programs	531,247	880,864	754,222
Casino Rama programs	-	6,971	11,463
Economic development programs	284,314	446,828	426,622
Social service programs	89,100	750,066	784,451
Infrastructure programs	465,744	2,310,018	2,589,697
Training and education programs	1,817,251	2,660,159	2,419,870
Health programs	332,076	840,873	749,039
Child care	57,800	731,520	769,426
Golden Eagle Charitable Casino and Foundation	-	2,152,808	2,129,527
	<u>3,577,532</u>	<u>10,780,107</u>	<u>10,634,317</u>
Annual Surplus	<u>\$ (10,873)</u>	<u>1,128,828</u>	<u>644,844</u>
Accumulated Surplus, beginning of year		<u>12,870,334</u>	<u>12,225,490</u>
Accumulated Surplus, end of year		<u>\$ 13,999,162</u>	<u>\$ 12,870,334</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Anishinabe of Wauzhushk Onigum Nation
Consolidated Statement of Changes in Net Financial Assets (Debt)

As at March 31	Budget	2018	2017
Annual Surplus	\$ (10,873)	\$ 1,128,828	\$ 644,844
Acquisition of tangible capital assets	-	(2,543,377)	(922,061)
Amortization of tangible capital assets	-	802,417	675,483
(Increase) decrease in net debt	(10,873)	(612,132)	398,266
Acquisition of prepaid expenses and inventory	-	676	(3,478)
	(10,873)	(611,456)	394,788
Net debt, beginning of year	124,171	124,171	(270,617)
Net financial assets (debt), end of year	\$ 113,298	\$ (487,285)	\$ 124,171

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Anishinabe of Wauzhushk Onigum Nation Statement of Cash Flows

For the year ended March 31	2018	2017
Operating activities		
Annual Surplus	\$ 1,128,828	\$ 644,844
Items not affecting cash		
Amortization	802,417	675,483
Income from government business enterprise	(607,802)	(729,039)
Changes in non-cash operating balances		
Accounts receivable	(71,149)	(248,244)
Inventory for resale	5,104	(4,027)
Accounts payable and accrued liabilities	468,312	(179,895)
Deferred revenue	(624,934)	804,208
Ottawa Trust Funds	(1,014)	(870)
Prepaid expenses	676	(3,478)
Temporary investments	(1,563)	(50,000)
	1,098,875	908,982
Financing activities		
Repayment of long term debt	(685,134)	(491,470)
Proceeds from long term debt	581,958	1,037,326
Increase in bank indebtedness	100,000	-
	(3,176)	545,856
Investing activities		
Net change in loans and advances with related parties	246,693	271,788
Capital activities		
Purchase of capital assets	(2,543,377)	(922,061)
Increase (decrease) in cash	(1,200,985)	804,565
Cash, beginning of year	1,761,221	956,656
Cash, end of year	\$ 560,236	\$ 1,761,221
Consisting of:		
Cash and bank	\$ 675,193	\$ 1,761,221
Bank indebtedness (Note 10)	(114,957)	-
	\$ 560,236	\$ 1,761,221

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Anishinabe of Wauzhushk Onigum Nation Summary of Significant Accounting Policies

March 31, 2018

Basis of Accounting 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.

Reporting Entity and Principles of Consolidation The Anishinabe of Wauzhushk Onigum Nation reporting entity includes the Anishinabe of Wauzhushk Onigum Nation government and all related entities which are either owned or controlled by the Anishinabe of Wauzhushk Onigum Nation.

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a 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.

Under the modified equity method of accounting, only Anishinabe of Wauzhushk Onigum Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Anishinabe of Wauzhushk Onigum Nation and inter-organizational balances and transactions are not eliminated. Ozhushk-Onegaming Corporation is the only government business enterprise.

Organizations consolidated in Anishinabe of Wauzhushk Onigum Nation's financial statements include:

- Golden Eagle Casino and Charitable Entertainment Centre
- Wauzhushk Onigum Foundation
- Kinew Day Care

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.

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, other than government transfers, are deferred when restrictions are placed on their use by the external 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.

Anishinabe of Wauzhushk Onigum Nation Summary of Significant Accounting Policies

March 31, 2018

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost 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 the acquisition or construction of the asset.

Amortization is provided for on a declining balance basis as follows:

Buildings	4%
Infrastructure	4%
Computer equipment	30%
Heavy equipment	30%
Equipment	20%
Automotive	30%

Certain assets which have historical or cultural value, including work 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.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates.

Inventory

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

Pension Plan

The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nation's required contribution for the year.

Temporary Investments

Temporary investments are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2018

1. Cash and Bank

	2018	2017
Unrestricted Cash		
Administration	\$ 69,628	\$ 1,223,266
Social Services	68,573	136,768
Wauzhushk Onigum Foundation	40,982	60,342
Golden Eagle Charitable Casino and Entertainment Centre	248,513	266,052
Kinew Child Care Centre	7,692	3,289
	435,388	1,689,717
Restricted Cash		
Flood claims	94,887	17,491
CMHC Replacement Reserve	144,918	54,013
	239,805	71,504
	\$ 675,193	\$ 1,761,221

2. Temporary Investments

	2018	2017
Golden Eagle Charitable Casino and Entertainment Centre:		
GIC with 50,000 maturing May 2018 at 1.25%	\$ 50,509	\$ 50,000
GIC with \$150,000 maturing April 2019 at 0.95%	151,054	150,000
	201,563	200,000
	\$ 201,563	\$ 200,000

3. Accounts Receivable

	2018	2017
Indigenous and Northern Affairs Canada	\$ 357,509	\$ 52,825
Shooniiyaa Wa Biitong	-	12,038
Canada Mortgage Housing Corporation	189,050	-
Seven Generations	44,800	29,330
Government of Canada - New Building Fund	-	278,780
Province of Ontario - Ministry of Education and Ministry of Indigenous Relations & Reconciliation	171,455	278,780
Ontario Works	-	20,174
Province of Ontario - Sports and Recreation	-	27,116
Province of Ontario - Ministry of Indigenous Relations and Reconciliation	-	10,000
Other	124,971	107,593
	887,785	816,636
	\$ 887,785	\$ 816,636

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2018

4. Due from Related Entity

	2018	2017
Loan receivable from Ozhushk-Onegaming Corporation, a band controlled entity, repayable \$10,086 monthly including interest 1.0%	\$ 20,034	\$ 69,092
Advances to Ozhushk-Onegaming Corporation, a band controlled entity, due on demand, with interest 1.0%, unsecured.	96,328	301,325
	\$ 116,362	\$ 370,417

5. Investment in Government Business Enterprise

	2018	2017
<u>Ozhushk-Onegaming Corporation</u>		
Common share (100% equity interest), at cost	\$ 1	\$ 1
Advances, unsecured, interest at 1.0% per annum, with no fixed payment terms	743,727	736,364
Accumulated surplus	2,169,990	1,562,189
	\$ 2,913,718	\$ 2,298,554

Summary financial information for Ozhushk-Onegaming Corporation for the year ended March 31, 2018 is as follows:

	2018	2017
Assets	\$ 3,502,199	\$ 3,418,015
Liabilities	1,332,209	1,855,828
Shareholder's equity	2,169,990	1,562,187
Revenues	8,765,269	8,341,194
Net income for the year	607,802	729,039

6. Accounts Payable and Accrued Liabilities

	2018	2017
Trade payables	\$ 366,433	\$ 220,745
School boards	748,763	426,139
Indigenous and Northern Affairs Canada	143,500	143,500
	\$ 1,258,696	\$ 790,384

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2018

7. Long Term Debt

	2018	2017
Flood claim advances from Government of Canada, non-interest bearing, maturing at the earlier of March 31, 2022 or the date on which the claims are settled	\$ 661,742	\$ 559,447
Loan payable to CMHC, repayable \$4,846 monthly including interest .88%, secured by a Ministerial guarantee, maturing October 2019	91,414	148,491
Loan payable to CMHC, repayable \$2,623 monthly including interest at 2.04%, secured by a Ministerial guarantee, renewing January 2023, maturing December 2032	400,826	424,724
Loan payable to CMHC, repayable \$4,304 including interest at 1.05%, secured by a Ministerial guarantee, renewing August 2021, maturing August 2036	864,647	906,993
Loan payable to CMHC, repayable \$4,227 monthly, including interest at 2.39%, secured by a Ministerial guarantee, renewing February 2023, maturing February 2038	804,009	837,549
Loan payable to CMHC, repayable \$4,739 monthly including interest at 1.67%, secured by Ministerial guarantee, maturing June 2018	14,181	70,299
Royal Bank bridge financing, non-revolving term facility repayable interest only at Royal Bank prime plus 1.2%, secured by New Building Canada, and OFNLP funds, maturing August 2017	-	557,560
Bus loan payable to DeLage Landen Financial Services Canada Inc., repayable \$1,790 monthly including interest at 7.09%, secured by specific automotive equipment, maturing February 2023	88,595	103,191
Royal Bank loan, repayable \$2,580 monthly, including interest at 5.37%, secured by specific equipment, maturing May 2022	118,507	-
	3,043,921	3,608,254

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2018

7. Long Term Debt (continued)

Carry-forward	\$ 3,043,921	\$ 3,608,254
Royal Bank loan, repayable \$8,510 monthly including interest at 4.51%, secured by specific equipment, maturing June 2022	394,004	-
Royal Bank loan, repayable \$1,450 monthly including interest at 4.48%, secured by specific equipment, maturing June 2022	<u>67,153</u>	-
	<u>\$ 3,505,078</u>	<u>\$ 3,608,254</u>

The estimated principal repayments on the above long-term debt required over the next five years are as follows:

2019	\$ 312,129
2020	282,920
2021	258,319
2022	1,620,469
2023	<u>1,031,241</u>
	<u>\$ 3,505,078</u>

8. Trust Funds Held In Ottawa

	Opening balance, April 1, 2017	Additions	Closing balance, March 31, 2018
Revenue	\$ 14,849	\$ 1,014	\$ 15,863
Capital	32,950	-	32,950
	<u>\$ 47,799</u>	<u>1,014</u>	<u>\$ 48,813</u>

The Ottawa Trust accounts 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 and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2018

9. Deferred Revenue

	Opening balance April 1, 2017	Funding Received	Revenue Recognized	Closing balance March 31, 2018
Indigenous and Northern Affairs Canada:				
Education transportation	\$ 23,628	\$ 151,540	\$ 175,168	\$ -
Science and technology	-	55,000	19,122	35,878
Water feasibility	-	145,000	108,480	36,520
Administration building	47,642	15,000	47,642	15,000
Multi-unit construction	575,600	410,400	936,400	49,600
Housing renovations	140,698	-	129,901	10,797
Lot servicing	75,000	-	75,000	-
Skills link	-	60,420	38,315	22,105
Family violence	-	44,700	15,768	28,932
	<u>862,568</u>	<u>882,060</u>	<u>1,545,796</u>	<u>198,832</u>
Other:				
Ministry of Tourism - Sports and recreation	25,924	1,871	27,795	-
Garden Island	7,662	-	7,662	-
Legacy fund	-	50,050	48,324	1,726
Ministry of Education	-	150,244	93,310	56,934
Other	117,631	666,397	753,780	30,248
Housing renovations	-	252,067	150,956	101,111
	<u>\$ 1,013,785</u>	<u>\$ 2,002,689</u>	<u>\$ 2,627,623</u>	<u>\$ 388,851</u>

10. Bank Indebtedness

	2018	2017
General operating account	\$ 114,957	\$ -
RBC line of credit	100,000	-
	<u>\$ 214,957</u>	<u>\$ -</u>

RBC line of credit is a royal credit line with a maximum credit capacity of \$200,000 and bears interest at prime plus 1.70%. The unused credit capacity at year-end was \$100,000.

**Anishinabe of Wauzhushk Onigum Nation
Notes to Financial Statements**

March 31, 2018

11. Capital Assets

	Cost			Accumulated Amortization			2018
	Opening Balance	Additions (Disposals)	Closing Cost	Opening balance	Amortization	Accumulated Amortization	Net Book Value
Land	\$ 49,000	\$ -	\$ 49,000	\$ -	\$ -	\$ -	\$ 49,000
Buildings	17,089,854	1,852,797	18,942,651	6,564,903	549,603	7,114,506	11,828,145
Infrastructure	3,254,264	-	3,254,264	1,417,200	73,483	1,490,683	1,763,581
Heavy equipment	373,400	688,500	1,061,900	358,668	107,695	466,363	595,537
Equipment	1,323,293	2,080	1,325,373	1,190,183	21,612	1,211,795	113,578
Automotive and buses	798,513	-	798,513	639,683	47,649	687,332	111,181
Computer equipment	58,280	-	58,280	48,491	2,373	50,864	7,416
	\$ 22,946,604	\$ 2,543,377	\$ 25,489,981	\$ 10,219,128	\$ 802,415	\$ 11,021,543	\$ 14,468,438

The net book value of tangible capital assets not being amortized because they are under construction or development or otherwise not yet available for use is \$1,309,264 (2017 - \$nil).

**Anishinabe of Wauzhushk Onigum Nation
Notes to Financial Statements**

March 31, 2018

11. Capital Assets - continued

	2017						
	Cost			Accumulated Amortization			Net Book Value
	Opening Balance	Additions (Disposals)	Closing Cost	Opening balance	Amortization	Accumulated Amortization	
Land	\$ 49,000	\$ -	\$ 49,000	\$ -	\$ -	\$ -	\$ 49,000
Buildings	16,703,177	386,677	17,089,854	6,023,315	541,588	6,564,903	10,524,951
Infrastructure	2,935,557	318,707	3,254,264	1,347,295	69,905	1,417,200	1,837,064
Heavy equipment	373,400	-	373,400	352,354	6,314	358,668	14,732
Equipment	1,278,680	44,613	1,323,293	1,168,691	21,492	1,190,183	133,110
Automotive and buses	633,215	165,298	798,513	607,034	32,649	639,683	158,830
Computer equipment	51,514	6,766	58,280	44,956	3,535	48,491	9,789
	<u>\$ 22,024,543</u>	<u>\$ 922,061</u>	<u>\$ 22,946,604</u>	<u>\$ 9,543,645</u>	<u>\$ 675,483</u>	<u>\$ 10,219,128</u>	<u>\$ 12,727,476</u>

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2018

12. Accumulated Surplus

The First Nation segregates its accumulated surplus into the following categories:

	2018	2017
Current funds	\$ 2,112,658	\$ 2,955,695
Investment in capital assets	11,625,103	9,678,669
Replacement reserve	261,401	235,970
	\$ 13,999,162	\$ 12,870,334

The investment in capital assets represents amounts already spent and invested in capital assets.

Current funds represents the general activities of the First Nation.

Replacement reserve: Under agreements with CMHC, the First Nation is required to establish a replacement reserve, perpetuated by an annual allocation of funds to ensure replacement of buildings financed by CMHC.

In accordance with the terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. The replacement reserve is currently unfunded.

13. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$22,735 (2017 - \$25,214). The plan is funded equally by the organization and the First Nation's employees at rates determined by the employees as a percentage of the employee's salary. The funds are invested in segregated funds as directed by the First Nation's individual employees' investment directives.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2018

14. Government Transfers

			2018			2017
	Operating	Capital	Total	Operating	Capital	Total
Federal						
INAC	\$3,707,387	\$1,270,844	\$4,978,231	\$3,144,331	\$875,013	\$4,019,344
Health Canada	466,647	-	466,647	481,698	-	481,698
New Building Canada	-	-	-	-	278,780	278,780
CMHC	323,519	24,164	347,683	180,662	-	180,662
Other	-	-	-	23,538	-	23,538
Sub-total	4,497,553	1,295,008	5,792,561	3,830,229	1,153,793	4,984,022
Provincial	1,690,327	-	1,690,327	1,523,714	278,780	1,802,494
	\$6,187,880	1,295,008	\$7,482,888	\$5,353,943	\$1,432,573	\$6,786,516

INAC funding reconciliation:

Funding per confirmation	\$4,314,495
Opening deferred revenue	862,568
Ending deferred revenue	<u>(198,832)</u>

INAC funding per financial statements

\$4,978,231

15. Economic Dependence

The Anishinabe of Wauzhushk Onigum Nation received a major portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

16. Other Revenues

	2018	2017
Non-government grants	\$ 240,113	\$ 191,020
Equipment rental	59,170	37,780
Interest revenue	19,279	27,050
Gaming revenues	2,185,920	2,302,154
Contributions from government business enterprise	145,000	140,000
Other	115,978	176,873
	<u>\$ 2,765,460</u>	<u>\$ 2,874,877</u>

17. Commitments

In March 2018, the First Nation committed to the purchase of an electric school bus to be funded by the Province of Ontario in the amount of \$364,367. The school bus was delivered after the year-end.

18. Contingent Liabilities

The First Nation has been named in a civil claim arising in the ordinary course of operations. The First Nation has contested the claim and legal counsel has advised that it is premature to make any evaluation of the possible outcome or possible settlement amount of this claim. Consequently, no provision for this claim has been made in the financial statements.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2018

19. Budget

The budget approved by Chief and Council was not prepared on a consolidated basis and does not include all of the activities of the First Nation. As a result, the budget presented in the consolidated statement of operations combines only the program budgets that were available. The program budgets approved by Chief and Council were not prepared on a basis consistent with that used to report actual financial statements results (Public Sector Accounting Standards). The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis.

20. Segmented Information

Anishinabe of Wauzhushk Onigum Nation is a diversified local government that provides a wide range of services to its citizens and members, including band support, economic development, social services, infrastructure, training and education, health, child care and commercial enterprises. The Casino Rama segment includes the use of funds received under Ontario First Nations Limited Partnership agreements.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Operations and maintenance fee allocations have been made to each building based on a percentage of overall maintenance costs. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

Anishinabe of Wauzhushk Onigum Nation
Segmented Disclosure
For the year ended March 31, 2018

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Golden Eagle & Foundation	Consolidated 2018
Revenue										
Government transfers	\$ 438,155	\$ -	\$ 302,643	\$ 741,899	\$ 1,781,839	\$ 2,386,848	\$ 665,239	\$ 629,936	\$ -	\$ 6,946,559
Net income from government business enterprise	-	-	-	-	-	-	-	-	607,802	607,802
Other (net)	215,083	753,780	(1,919)	2,159	911,409	83,056	135,962	69,124	2,185,920	4,354,574
	<u>653,238</u>	<u>753,780</u>	<u>300,724</u>	<u>744,058</u>	<u>2,693,248</u>	<u>2,469,904</u>	<u>801,201</u>	<u>699,060</u>	<u>2,793,722</u>	<u>11,908,935</u>
Expenses										
Amortization	-	-	-	-	784,801	-	-	-	17,616	802,417
Debt servicing	22,619	-	-	-	54,166	7,498	-	-	-	84,283
Salaries and benefits	254,257	-	100,613	63,076	430,700	487,614	413,766	605,330	948,649	3,304,005
Other expenses	603,988	6,971	346,215	686,990	1,040,351	2,165,047	427,107	126,190	1,186,543	6,589,402
	<u>880,864</u>	<u>6,971</u>	<u>446,828</u>	<u>750,066</u>	<u>2,310,018</u>	<u>2,660,159</u>	<u>840,873</u>	<u>731,520</u>	<u>2,152,808</u>	<u>10,780,107</u>
Excess of revenue (expense)	<u>(227,626)</u>	<u>746,809</u>	<u>(146,104)</u>	<u>(6,008)</u>	<u>383,230</u>	<u>(190,255)</u>	<u>(39,672)</u>	<u>(32,460)</u>	<u>640,914</u>	<u>1,128,828</u>
Transfer from (to) other segments	<u>8,363</u>	<u>(696,851)</u>	<u>90,865</u>	<u>3,808</u>	<u>633,047</u>	<u>32,896</u>	<u>38,792</u>	<u>-</u>	<u>(110,920)</u>	<u>-</u>
Excess of revenue (expense) for the year	\$ (219,263)	\$ 49,958	\$ (55,239)	\$ (2,200)	\$ 1,016,277	\$ (157,359)	\$ (880)	\$ (32,460)	\$ 529,994	\$ 1,128,828

Anishinabe of Wauzhushk Onigum Nation
Segmented Disclosure
For the year ended March 31, 2018

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Other	Consolidated 2017
Revenue										
Government transfers	\$ 361,205	\$ -	\$ 215,538	\$ 803,963	\$ 2,444,278	\$ 2,532,231	\$ 581,266	\$ 600,732	\$ -	\$ 7,539,213
Net income from government business enterprise	-	-	-	-	-	-	-	-	729,039	729,039
Other (net)	206,735	566,196	10,696	-	(426,605)	69,993	160,781	120,460	2,302,653	3,010,909
	<u>567,940</u>	<u>566,196</u>	<u>226,234</u>	<u>803,963</u>	<u>2,017,673</u>	<u>2,602,224</u>	<u>742,047</u>	<u>721,192</u>	<u>3,031,692</u>	<u>11,279,161</u>
Expenses										
Amortization	-	-	-	-	658,946	-	-	-	16,537	675,483
Debt servicing	15,820	-	-	-	53,596	1,790	-	-	-	71,206
Salaries and benefits	223,549	900	94,093	44,084	480,685	361,880	359,133	607,290	908,935	3,080,549
Other expenses	514,853	10,563	332,529	740,367	1,396,470	2,056,200	389,906	162,136	1,204,055	6,807,079
	<u>754,222</u>	<u>11,463</u>	<u>426,622</u>	<u>784,451</u>	<u>2,589,697</u>	<u>2,419,870</u>	<u>749,039</u>	<u>769,426</u>	<u>2,129,527</u>	<u>10,634,317</u>
Excess of revenue (expense)	(186,282)	554,733	(200,388)	19,512	(572,024)	182,354	(6,992)	(48,234)	902,165	644,844
Transfer from (to) other segments	-	(554,733)	37,915	-	571,804	69,861	17,998	-	(142,845)	-
Excess of revenue (expense) for the year	\$ (186,282)	\$ -	\$ (162,473)	\$ 19,512	\$ (220)	\$ 252,215	\$ 11,006	\$ (48,234)	\$ 759,320	\$ 644,844