

WASAUKSING FIRST NATION

Exhibit A - Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Financial Assets		
Cash	\$ 5,515,639	\$ 5,460,790
Accounts receivable (note 2)	3,503,451	2,988,325
Consolidated revenue trust fund	14,671	14,671
Restricted cash (note 3)	329,704	325,871
Restricted assets - M'tigo Min Trust (note 4)	3,033,081	2,922,373
<u>Investment in government business enterprises (note 5)</u>	<u>553,252</u>	<u>10,299</u>
	12,949,798	11,722,329
Financial Liabilities		
Accounts payable and accrued liabilities	1,814,245	1,932,399
Deferred revenue (note 6)	2,306,068	1,705,688
Obligations under capital leases (note 7)	217,250	183,342
<u>Long-term debt (note 8)</u>	<u>1,224,488</u>	<u>1,307,260</u>
	5,562,051	5,128,689
Net financial assets	7,387,747	6,593,640
Non-Financial Assets		
Tangible capital assets (note 9)	23,041,270	23,066,822
<u>Prepaid expenses</u>	<u>108,007</u>	<u>27,502</u>
	23,149,277	23,094,324
Contingent liabilities (note 10)		
Effect of COVID-19 (note 14)		
Subsequent event (note 15)		
Accumulated surplus (note 11)	\$ 30,537,024	\$ 29,687,964

See accompanying notes to consolidated financial statements.

Approved:

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Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019 Actual
	(note 13)		
Revenue:			
Indigenous Services Canada (note 12)	\$ 4,078,454	\$ 3,424,341	\$ 3,785,557
Indigenous Services Canada - Health (note 12)	1,195,405	1,107,540	1,301,521
Ontario First Nations Limited Partnership	882,939	921,010	1,066,912
Canada Mortgage and Housing Corporation	64,374	65,742	163,697
Provincial funding	2,789,899	2,768,237	2,416,236
Kinoomaadziwin Education Body	2,551,414	2,340,947	1,631,280
Rentals, leasing and permits	358,404	591,013	591,068
Investment income (loss)	-	161,154	(67,017)
Share of loss of investment in government business enterprises	-	(91,025)	-
Other	1,731,845	2,886,465	2,929,930
	13,652,734	14,175,424	13,819,184
Expenses:			
Band Support	963,560	977,745	806,296
Social Assistance	1,089,630	1,116,561	1,048,973
Education	2,304,032	2,080,237	1,993,139
Economic Development	319,489	133,179	304,710
Land Management	909,044	876,927	661,699
Community Infrastructure	2,919,105	3,262,202	2,668,813
Community Property	1,415,114	447,689	598,692
Day Care Operations	690,500	711,600	711,163
Social Services	762,203	1,210,489	580,084
Health Services	2,187,918	1,872,310	1,779,360
Library	22,405	14,398	14,398
Employment and Training	14,988	15,216	94,698
CMHC Housing	261,878	305,933	270,460
Rental Housing	229,697	230,019	192,607
Marina	245,114	-	247,528
M'tigo Min Trust	-	71,859	-
	14,334,677	13,326,364	11,972,620
Excess (deficiency) of revenue over expenses	(681,943)	849,060	1,846,564
Accumulated surplus, beginning of year	29,687,964	29,687,964	27,841,400
Accumulated surplus, end of year	\$ 29,006,021	\$ 30,537,024	\$ 29,687,964

See accompanying notes to consolidated financial statements.

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Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget (note 13)	2020 Actual	2019 Actual
Excess (deficiency) of revenue over expenses	\$ (681,943)	\$ 849,060	\$ 1,846,564
Acquisition of tangible capital assets	(1,725,373)	(1,837,006)	(2,093,432)
Amortization of tangible capital assets	1,321,080	1,321,080	1,251,014
Proceeds from disposal of tangible capital assets	-	541,478	-
	(1,086,236)	874,612	1,004,146
Acquisition of prepaid expenses	-	(80,505)	48,121
Change in net financial assets	(1,086,236)	794,107	1,052,267
Net financial assets, beginning of year	6,593,640	6,593,640	5,541,373
Net financial assets, end of year	\$ 5,507,404	\$ 7,387,747	\$ 6,593,640

See accompanying notes to consolidated financial statements.

WASAUKSING FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Operating transactions:		
Excess of revenue over expenses	\$ 849,060	\$ 1,846,564
Adjustment for:		
Amortization of tangible capital assets	1,321,080	1,251,014
Share of loss of investment in government business enterprises	<u>91,025</u>	-
	2,261,165	3,097,578
Change in non-cash working capital:		
Increase in accounts receivable	(515,126)	(1,028,526)
Decrease (increase) in prepaid expenses	<u>(80,505)</u>	48,121
Increase (decrease) in accounts payable and accrued liabilities	<u>(118,154)</u>	1,049,681
Increase (decrease) in deferred revenue	<u>600,380</u>	<u>(323,298)</u>
	2,147,760	2,843,556
Capital transactions:		
Acquisition of tangible capital assets	(1,725,373)	(1,922,107)
Proceeds from disposal of tangible capital assets	<u>541,478</u>	-
	(1,183,895)	(1,922,107)
Financing transactions:		
Principal payments on long-term debt	(82,772)	(81,826)
Principal payments on obligations under capital leases	<u>(77,725)</u>	<u>(65,392)</u>
	(160,497)	(147,218)
Investing transactions:		
Increase in restricted assets - M'tigo Min Trust	(110,708)	(2,922,373)
Decrease in marketable securities	-	3,014,138
Investment in government business enterprise	<u>(633,978)</u>	-
	(744,686)	91,765
Net increase in cash	58,682	865,996
Cash, beginning of year	5,786,661	4,920,665
Cash, end of year	\$ 5,845,343	\$ 5,786,661
Represented by:		
Cash	\$ 5,515,639	\$ 5,460,790
Restricted cash	<u>329,704</u>	<u>325,871</u>
	\$ 5,845,343	\$ 5,786,661

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards 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 period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(h) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government.

Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

2. Accounts receivable:

	2020	2019
Ministry of Education	\$ 1,212,714	\$ 837,219
Innovation, Science and Economic Development Canada	1,027,936	1,027,936
Ministry of Children, Community and Social Services	213,280	14,193
Union of Ontario Indians	172,829	150,939
Indigenous Services Canada	160,252	578,629
Ministry of Health and Long-Term Care	167,714	87,516
Kinoomaadziwin Education Body	119,270	–
Other	430,366	323,788
Band members	985,530	994,302
Allowance for doubtful accounts	(986,440)	(1,026,197)
	<hr/> \$ 3,503,451	<hr/> \$ 2,988,325

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

3. Restricted cash:

	2020	2019
Robinson Huron Treaty (i)	\$ 287,332	\$ 285,189
First Nations Finance Authority (ii)	42,372	40,682
	<hr/> \$ 329,704	<hr/> \$ 325,871

- (i) The First Nation has pledged \$282,750 as security for a loan guarantee arrangement with the Bank of Montreal as described in note 10(c).
- (ii) The First Nation is required to maintain a debt reserve bank account of \$37,500 as part of a borrowing agreement with First Nations Finance Authority as described in note 8.

Any interest earned in excess of these pledged amounts is unrestricted for use by the First Nation.

4. Restricted assets – M'Tigo Min Trust:

Under the terms of an agreement with the trustees of the M'tigo Min Trust (the "Trust"), the restricted assets are to be used for the benefit of the First Nation for specified purposes outlined in the agreement. Disbursements are not to be made for the normal operating activities of the First Nation.

The restricted assets of the Trust consist of the following:

2020	Cost	Fair Market Value
Cash	\$ 90,469	\$ 90,469
Marketable securities	2,942,612	2,749,799
	<hr/> \$ 3,033,081	<hr/> \$ 2,840,268

2019	Cost	Fair Market Value
Cash	\$ 114,704	\$ 114,704
Marketable securities	2,807,669	2,948,289
	<hr/> \$ 2,922,373	<hr/> \$ 3,062,993

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

5. Investment in government business enterprises:

The First Nation has a 100% equity interest in WGHP, WMGP, WMPGP and a 99% equity interest in WHLP. These organizations are government business enterprises of the First Nation and are accounted for on the modified equity method in these consolidated financial statements.

The investment in government business enterprises consists of the following:

	WHGP	WMGP	WMPGP	Sub-total
Balance, beginning of year	\$ 100	\$ 100	\$ 100	\$ 300
Contributions	–	–	–	–
Share of loss	(9)	(3)	(5)	(17)
Balance, end of year	\$ 91	\$ 97	\$ 95	\$ 283
	Sub-total	WHLPL	2020	2019
Balance, beginning of year	\$ 300	\$ 9,999	\$ 10,299	\$ 10,299
Contributions	–	633,978	633,978	–
Share of loss	(17)	(91,008)	(91,025)	–
Balance, end of year	\$ 283	\$ 552,959	\$ 553,252	\$ 10,299

The following tables provide condensed supplementary financial information of WHLP for the year ended December 31, 2019:

	2019	2018
Financial position:		
Current assets	\$ 62,694	\$ –
Non-current assets	\$ 578,419	\$ 19,998
Total assets	\$ 641,113	\$ 19,998
Current liabilities	(80,038)	–
Partners' equity	\$ 561,075	\$ 19,998

	2019	2018
Results of operations:		
Expenses	\$ (7,346)	\$ –
Other income (loss)	\$ (75,558)	\$ –
Net income (loss)	\$ (82,904)	\$ –

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

6. Deferred revenue:

	2020	2019
Kinoomaadziwin Education Body	\$ 916,563	\$ 718,260
Indigenous Services Canada	570,893	726,050
Ministry of Health and Long-Term Care	203,005	-
Ministry of Education	195,700	-
Indigenous Services Canada – Health	168,671	-
Other	251,236	261,378
	\$ 2,306,068	\$ 1,705,688

7. Obligations under capital leases:

	2020	2019
Capital lease obligation, \$2,098 payable monthly principal, interest-free, due April 2023, secured by equipment with net book value of \$123,043 (2019 - \$137,268)	\$ 77,470	\$ 102,582
Capital lease obligation, \$1,253 payable monthly principal, interest-free, due November 2024, secured by vehicle with net book value of \$71,411 (2019 - \$Nil)	70,158	-
Capital lease obligation, \$823 payable monthly including principal and interest, bearing interest at 3.99%, due October 2023, secured by vehicle with net book value of \$36,461 (2019 - \$Nil)	32,927	-
Capital lease obligation, \$762 payable monthly principal, interest-free, due April 2023, secured by vehicle with net book value of \$38,857 (2019 - \$43,429)	28,191	37,334
Capital lease obligation, \$1,110 payable monthly principal, interest-free, due September 2020, secured by vehicle with net book value of \$34,632 (2019 - \$39,960)	6,660	19,980
Capital lease obligation, \$1,851 payable monthly including principal and interest, bearing interest at 4.45%, due May 2020, secured by equipment with net book value of \$59,348 (2019 - \$70,139)	1,844	23,446
	\$ 217,250	\$ 183,342

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

7. Obligations under capital leases (continued):

Future minimum lease payments are as follows:

2021	\$ 67,687
2022	59,176
2023	59,176
2024	23,611
2025	10,022
	219,672
Less: interest included in lease payments	(2,422)
Present value of future minimum lease payments	\$ 217,250

8. Long-term debt:

	2020	2019
<u>Canada Mortgage and Housing Corporation:</u>		
Mortgage payable, \$2,204 monthly including principal and interest, bearing interest at 1.69% per annum, due August 2024	\$ 336,528	\$ 356,970
Mortgage payable, \$3,201 monthly including principal and interest, bearing interest at 2.49% per annum, due May 2023	275,927	307,071
<u>First Nations Finance Authority:</u>		
Promissory note payable, \$4,191 monthly including principal and interest, bearing interest at 2.985% per annum, due June 2024	612,033	643,219
	\$ 1,224,488	\$ 1,307,260

The First Nation may request to refinance the promissory note with First Nations Finance Authority no less than six months prior to the end of its maturity in June 2024. The promissory note is secured by an assignment of distributions from the Ontario First Nations Limited Partnership.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Tangible capital assets:

Cost	2019	Additions	Disposals/ Transfers	2020
Land	\$ 1	-	-	\$ 1
Buildings and land improvements	7,630,241	430,142	(293,464)	7,766,919
Equipment	1,804,261	356,597	1,204,231	3,365,089
Vehicles	1,194,717	369,060	337,364	1,901,141
Roads	1,473,236	195,024	-	1,668,260
Water systems	16,740,082	15,755	-	16,755,837
Housing	10,452,126	39,439	-	10,491,565
Assets under construction	2,098,915	430,989	(2,073,864)	456,040
Total	\$ 41,393,579	1,837,006	(825,733)	\$ 42,404,852
<hr/>				
Accumulated Amortization	2019	Disposals	Amortization expense	2020
Buildings and land improvements	\$ 2,842,120	(29,777)	151,664	\$ 2,964,007
Equipment	1,241,006	(238,953)	99,716	1,101,769
Vehicles	878,189	(15,525)	102,441	965,105
Roads	993,080	-	37,690	1,030,770
Water systems	5,043,203	-	669,917	5,713,120
Housing	7,329,159	-	259,652	7,588,811
Total	\$ 18,326,757	(284,255)	1,321,080	\$ 19,363,582
<hr/>				
	Net book value 2019		Net book value 2020	
Land	\$ 1		\$ 1	
Buildings and land improvements	4,788,121		4,802,912	
Equipment	563,255		2,263,320	
Vehicles	316,528		936,036	
Roads	480,156		637,490	
Water systems	11,696,879		11,042,717	
Housing	3,122,967		2,902,754	
Assets under construction	2,098,915		456,040	
Total	\$ 23,066,822		\$ 23,041,270	

Equipment includes items acquired under capital lease with a net book value of \$182,391 (2019 - \$207,407).
Vehicles includes items acquired under capital lease with a net book value of \$179,541 (2019 - \$83,389).

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Tangible capital assets (continued):

Cost	2018	Additions	Disposals/ Transfers	2019
Land	\$ 1	-	-	\$ 1
Buildings and land improvements	7,630,241	-	-	7,630,241
Equipment	1,644,467	159,794	-	1,804,261
Vehicles	1,078,471	116,246	-	1,194,717
Roads	1,473,236	-	-	1,473,236
Water systems	16,740,082	-	-	16,740,082
Housing	11,448,126	-	(996,000)	10,452,126
Assets under construction	281,523	1,817,392	-	2,098,915
Total	\$ 40,296,147	2,093,432	(996,000)	\$ 41,393,579
<hr/>				
Accumulated Amortization	2018	Disposals	Amortization expense	2019
Buildings and land improvements	\$ 2,688,889	-	153,231	\$ 2,842,120
Equipment	1,168,809	-	72,197	1,241,006
Vehicles	814,858	-	63,331	878,189
Roads	959,290	-	33,790	993,080
Water systems	4,373,601	-	669,602	5,043,203
Housing	8,066,296	(996,000)	258,863	7,329,159
Total	\$ 18,071,743	(996,000)	1,251,014	\$ 18,326,757
<hr/>				
	Net book value 2018		Net book value 2019	
Land	\$ 1		\$ 1	
Buildings and land improvements	4,941,352		4,788,121	
Equipment	475,658		563,255	
Vehicles	263,613		316,528	
Roads	513,946		480,156	
Water systems	12,366,481		11,696,879	
Housing	3,381,830		3,122,967	
Assets under construction	281,523		2,098,915	
Total	\$ 22,224,404		\$ 23,066,822	

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

10. Contingent liabilities:

- (a) The First Nation has guaranteed loans to various chartered banks on behalf of First Nation members totaling \$631,602 (2019 - \$664,041).
- (b) Under an agreement with Royal Bank of Canada ("RBC"), the First Nation may guarantee a maximum of \$2,500,000 of mortgages owing to RBC on behalf of First Nation members. As of March 31, 2020, the total balance guaranteed by the First Nation is \$2,178,202 (2019 - \$1,533,179).
- (c) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$282,750 (2019 - \$282,750). As of March 31, 2020, its proportional outstanding loan balance as part of the Trust is \$281,821 (2019 - \$281,821).

11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 21,599,532	\$ 21,632,388
Ontario First Nations Limited Partnership	3,753,168	3,474,421
Investment in government business enterprises	553,252	10,299
Operations	337,725	298,417
Consolidated revenue trust	14,671	14,671
CMHC Housing operations	(362,925)	(339,628)
	25,895,423	25,090,568
 M'tigo Min Trust	 2,863,092	 2,815,007
Committed reserves	1,706,314	1,667,184
Housing replacement reserves	72,195	115,205
	 \$ 30,537,024	 \$ 29,687,964

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

17. Segmented information (continued):

		Band Support	Community Infrastructure	Economic Development	Health	Education	Community Property	Social Services	Housing	Other	2020 Total
Revenue:											
Revenue:		\$ 2,201,083	2,825,657	155,627	1,845,786	2,220,482	540,707	3,137,546	261,099	987,437	14,175,424
Expenses:											
Salaries, benefits and honoraria	1,100,814	839,031	35,117	1,100,754	978,076	82,093	1,313,102	80,224	2,300	5,531,511	
Travel and training	112,914	5,904	1,630	97,738	62,456	-	101,184	-	3,071	384,897	
Interest on long-term debt	6,511	13,852	-	-	-	-	-	-	-	33,642	
Contractual and professional fees	308,225	889,927	84,634	90,381	53,103	381,310	205,020	4,200	9,709	2,026,509	
Materials, supplies and rentals	364,648	1,186,407	11,047	309,818	316,413	403,036	799,141	177,907	-	3,568,417	
Tuition and student allowances	-	-	-	-	855,863	-	-	-	-	835,863	
Other	644,214	149,065	15,966	273,218	24,572	3,675	749,870	689	56,779	1,918,048	
Administration chargebacks	(568,230)	-	-	-	-	-	-	-	-	(568,230)	
Amortization of tangible capital assets	-	1,043,873	-	-	17,555	-	-	-	259,652	-	1,321,080
Investment in tangible capital assets	(114,022)	(885,857)	(207,800)	-	-	(422,425)	(115,269)	-	-	(1,725,373)	
Excess (deficiency) of revenue over expenses	\$ 1,855,074	3,262,202	(59,406)	1,871,909	2,288,038	447,689	3,053,048	536,961	71,859	13,326,364	849,060