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KITCHENUHMAKOOOSIB INNINUWUG  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

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# KITCHENUHMAKOOSIB INNINUWUG

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**MARCH 31, 2015**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Kitchenuhmaykoosib Inninuwug are the responsibility of management and have been approved by 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 the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Kitchenuhmaykoosib Inninuwug and meet when required.

Deputy Chief

Dagas McKay

Councillor

Jeffrey McKay

Councillor

Enos

McKay

Councillor

Plante

Councillor

Delphine Hachimoff

Councillor

Councillor

Councillor

Collins Barrow HMA LLP  
Suite 701 - 330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4 Canada

T. 204.989.2229  
F. 204.944.9923  
TF. 1.866.730.4777

[www.collinsbarrow.com](http://www.collinsbarrow.com)

## INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership  
Kitchenuhmaykoosib Inninuwug

We have audited the accompanying consolidated financial statements of Kitchenuhmaykoosib Inninuwug, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, changes in net debt 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

Management is responsible for the preparation and fair presentation of these 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Because of the matters described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### Basis for Disclaimer of Opinion

During the year the entity demonstrated significant weaknesses in internal controls. As a result we were not able to gain satisfactory audit evidence in the following areas:

#### Cash and Cash Equivalents

We have been unable to satisfy ourselves with the completeness and existence of cash and its components. There were several bank accounts not reconciled, and there was a lack of supporting documentation to support these transactions. As a result, we were not able to assess whether potentially material adjustments were required to the cash, revenues, and expenditures.

#### Accounts Receivable and Accrued Receivables

We have been unable to satisfy ourselves with the completeness, valuation and existence of accounts receivable, miscellaneous revenues and rental revenues, due to the receivables not being properly maintained in the receivable sub-ledger, nor were documentation or agreements being retained. As a result, we were not able to assess whether potentially material adjustments were required to accounts receivables, amounts due from band members, accrued receivables and related revenues.

#### Inventory

We have been unable to satisfy ourselves with the completeness, existence, and valuation of inventory, for there was no inventory count sheet provided for fuel, groceries and other miscellaneous items, nor were we able to observe the inventory as at year end. As a result, we were not able to assess whether potentially material adjustments were required to the inventory and cost of goods sold.

## **Tangible Capital Assets**

We have been unable to satisfy ourselves over the completeness, existence, and valuation of tangible capital assets as well as the accuracy of the amounts recorded in the accumulated amortization. There is a lack of documentation to support the additions and disposals during the year, specifically on the community buildings and infrastructure. As a result, we were not able to assess whether potentially material adjustments were required to tangible capital assets, accumulated amortization, and expenses.

## **Due to / from Related Parties**

We have been unable to satisfy ourselves over the completeness, existence, and valuation of the amounts due to/from related parties as well as the completeness, existence, accuracy and occurrence of the revenues and expenditures related to these transactions. Many of these balances were not reconciled, and there was a lack of supporting documentation to support these transactions. As a result, we were not able to assess whether potentially material adjustments were required to the due to/from related parties, revenues, and expenditures.

## **Accounts Payable and Accrued Liabilities**

We have been unable to satisfy ourselves with the existence and completeness of the recorded payables, due to the invoices not being entered or retained, and the sub-ledgers not being properly maintained. As a result, we were not able to assess whether potentially material adjustments were required to accounts payable, due to Aboriginal Affairs and Northern Development Canada, and accrued liabilities and expenses.

## **Deferred Revenues**

We have been unable to satisfy ourselves with the existence and completeness of recorded deferred revenues and the completeness, occurrence and accuracy of the related deferred revenue. This is due to inadequate support and errors in the recording of the related revenues and expenditures in the programs. As a result, we were not able to assess whether potentially material adjustments were required to the deferred revenues, due to Aboriginal Affairs and Northern Development Canada, and expenses.

## **Contingencies and Commitments**

We have been unable to satisfy ourselves with the completeness and existence of contingencies and commitments for or against the Kitchenuhmaykoosib Innuuwug. We have not been able to make the necessary enquiries nor were we able to obtain or review applicable documents. As a result, we were not able to assess whether potentially material adjustments were required to record the accruals and disclosures of contingencies and commitments.

## **Payroll**

We have been unable to satisfy ourselves with the completeness, occurrence, and accuracy of payroll expenses, and completeness of vacation and source deduction payables, due to lack of documentation related to payroll records. As a result, we were not able to assess whether potentially material adjustments were required for accrued payroll and source deductions and payroll expenditures.

## **Disclaimer of Opinion**

Due to the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

**Other Matters**

The financial statements of Kitchenuhmaykoosib Inninuwug for the year ended March 31, 2014, were audited by another auditor who expressed a qualified opinion on July 25, 2014.

*Collins Barrow HMA LLP*

CHARTERED ACCOUNTANTS

Winnipeg, Manitoba  
December 18, 2015

# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2015	2014
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*(Restated)*

### FINANCIAL ASSETS

Cash	\$ 711,373	\$ 354,077
Restricted cash <i>(Note 3)</i>	10,444	20,932
Accounts receivable <i>(Note 4)</i>	144,353	889,692
Advance to First Nation		67,712
Investments <i>(Note 5)</i>	3,723,438	3,723,438
Due from KI Enterprise 2 <i>(Note 6)</i>	-	362,702
Total financial assets	<u>4,589,608</u>	<u>5,418,553</u>

### LIABILITIES

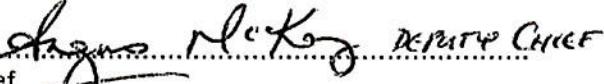
Accounts payable and accrued liabilities <i>(Note 7)</i>	4,023,764	3,284,768
Deferred revenue and other long-term liabilities <i>(Note 8)</i>	277,550	
Capital lease obligation <i>(Note 9)</i>	251,185	361,793
Construction loan advance		1,262,137
Long-term debt <i>(Note 10)</i>	<u>4,670,009</u>	<u>3,241,398</u>
Total liabilities	<u>8,944,958</u>	<u>8,427,646</u>
Net debt	<u>( 4,355,350)</u>	<u>( 3,009,093)</u>

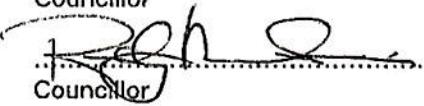
### NON-FINANCIAL ASSETS

Tangible capital assets <i>(Note 11)</i>	13,859,937	13,717,496
Inventory	722,686	772,215
Prepaid expenses	<u>85,000</u>	<u>500,000</u>
Total non-financial assets	<u>14,667,623</u>	<u>14,989,711</u>
Accumulated surplus	<u>\$ 10,312,273</u>	<u>\$ 11,980,618</u>

Contingent liabilities *(Note 12)*

Approved by Chief and Council

  
Dennis McKay, Deputy Chief  
Chief  
  
Tomas McKay  
Councillor

  
Delphine Rachinette  
Councillor  
  
Ralph S.  
Councillor

# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	2015	2014 (Restated)
<b>REVENUE</b>		
A.A.N.D.C <i>(Note 13)</i>	\$ 9,777,124	\$ 9,246,424
First Nation Inuit Health Branch	1,821,958	2,672,429
CMHC	211,248	139,782
Canada Post	50,796	15,173
Local revenue	5,937,832	
Provincial Government	134,108	655,956
Other	2,876,716	6,368,988
Ontario First Nation Limited Partnership	1,178,809	541,716
Sioux Lookout Area Aboriginal Management Board	<u>62,405</u>	<u>106,363</u>
	<u><u>22,050,996</u></u>	<u><u>19,746,831</u></u>
<b>EXPENDITURES</b>		
Band support and admin	4,327,765	3,186,088
Public works	6,753,115	7,455,224
Housing	1,200,721	410,223
Capital projects	535,014	351,088
Education	4,348,087	3,022,003
Social economic and development	627,154	748,239
Health care	2,113,793	2,375,624
KI Economic development	151,277	130,989
Local revenue	2,888,219	1,016,419
Equay Wuk Shelter	<u>774,196</u>	<u>870,086</u>
	<u><u>23,719,341</u></u>	<u><u>19,565,983</u></u>
ANNUAL SURPLUS (DEFICIT)	( 1,668,345)	180,848
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>11,980,618</u>	<u>11,799,770</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u><u>\$ 10,312,273</u></u>	<u><u>\$ 11,980,618</u></u>

# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	2015	2014 (Restated)
Annual deficit	<u><u>\$ (1,668,345)</u></u>	<u><u>\$ 180,848</u></u>
Acquisition of tangible capital assets and construction in progress	<u><u>(1,909,434)</u></u>	<u><u>(2,060,352)</u></u>
Amortization of tangible capital assets	<u><u>1,766,993</u></u>	<u><u>704,169</u></u>
	<u><u>(142,441)</u></u>	<u><u>(1,356,183)</u></u>
Acquisition of fuel inventory	<u><u>(722,686)</u></u>	<u><u>(772,215)</u></u>
Acquisition of prepaid expenses	<u><u>(85,000)</u></u>	<u><u>(500,000)</u></u>
Use of fuel inventory	<u><u>772,215</u></u>	
Use of prepaid expenses	<u><u>500,000</u></u>	<u><u>400,000</u></u>
	<u><u>464,529</u></u>	<u><u>(872,215)</u></u>
CHANGE IN NET DEBT FOR YEAR	<u><u>(1,346,257)</u></u>	<u><u>(2,047,550)</u></u>
NET DEBT, <i>beginning of year</i>	<u><u>(3,009,093)</u></u>	<u><u>(961,543)</u></u>
NET DEBT, <i>end of year</i>	<u><u>\$ (4,355,350)</u></u>	<u><u>\$ (3,009,093)</u></u>

## KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2015	2014
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## CASH FLOW FROM

*OPERATING ACTIVITIES*

Cash received from funding and other sources	\$ 22,796,335	\$ 20,383,540
Cash paid to suppliers and employees	<u>(20,915,885)</u>	<u>(18,818,386)</u>
	<u>1,880,450</u>	<u>1,565,154</u>

*CAPITAL ACTIVITIES*

Acquisition of tangible capital assets and construction in progress	<u>(1,909,434)</u>	<u>(2,060,352)</u>
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*INVESTING ACTIVITIES*

Repayment of advances by First Nation members	430,414	111,773
Redemption of short term investments	<u>-</u>	<u>(71,270)</u>
	<u>430,414</u>	<u>40,503</u>

*FINANCING ACTIVITIES*

Construction loan advance	( 1,262,137)	14,912
Acquisition of long term debt	1,428,611	400,000
Repayment of bank loan	<u>( 210,608)</u>	<u>( 97,559)</u>
	<u>( 44,134)</u>	<u>317,353</u>

NET INCREASE (DECREASE) IN CASH DURING YEAR	357,296	( 137,342)
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CASH, <i>beginning of year</i>	<u>354,077</u>	<u>491,419</u>
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CASH, <i>end of year</i>	<u>\$ 711,373</u>	<u>\$ 354,077</u>
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## CASH COMPRISED OF

Cash	\$ 711,373	\$ 354,077
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# KITCHENUHMAKOOSIB INNINUWUG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2015**

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### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined by the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, which encompasses the following principles:

#### *REPORTING ENTITY*

The Kitchenuhmaykoosib Innuwug (The Nation) reporting entity includes the Kitchenuhmaykoosib Innuwug Nation government and all related entities which are accountable to The Nation and are either owned or controlled by The Nation.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

- Kitchenuhmaykoosib Innuwug Band
- Kitchenuhmaykoosib Innuwug Local Revenue
- Kitchenuhmaykoosib Innuwug Equay Wuk Shelter

Incorporated and unincorporated business entities which are owned and controlled by The Nation but which are not dependent on The Nation for their continuing operations are included in the consolidated financial statements using the modified equity method. These include:

- Nu-Mah-Koos Non-Profit Building Development Corporation.
- Pe-Tay-Ka-Win Development Corporation and its subsidiary companies.

#### *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 and prepaid expenses.

#### *CASH AND CASH EQUIVALENTS*

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

#### *SHORT TERM INVESTMENTS*

Short term investments are recorded at lower of cost and market value.

#### *INVESTMENTS*

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value. The Nation investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for The Nation's share of the commercial enterprises' income or loss less dividends.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2015**

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *INVENTORY*

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

#### *NET DEBT*

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

#### *TANGIBLE CAPITAL ASSETS*

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Social housing assets acquired under Canada Mortgage and Housing Corporation ("C.M.H.C.") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Tangible capital assets are amortized annually using the straight line method (except where noted) at rates intended to amortize the cost of the assets over their estimated useful lives. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

Infrastructure	4%
Land and Building	20%
Equipment & Vehicle	20%
General Housing	5%

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

#### *SEGMENTS*

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

#### *REVENUErecognition*

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *FINANCIAL INSTRUMENTS*

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

#### *FAIR VALUE*

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

#### *USE OF ESTIMATES*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

## 2. PRIOR PERIOD ADJUSTMENT

The Nation has unsupported accounts receivable reported in the prior year. A prior year restatement was made to adjust overstated accounts receivable.

The Nation entered into a capital lease contract for acquisition of school buses and equipment in 2012. The Nation did not record the lease liability as a capital lease obligation. Since the lease is of capital nature, due to mature in 2017, liability for the capital lease obligation in the amount of \$361,793 has been recorded.

The Nation has an unfunded replacement reserve not reported in the prior year. A prior year restatement was made to recognize the C.M.H.C. replacement reserve of \$232,047 as of March 31, 2014.

Based on the financial summary of The Nation's accounts receivable, capital lease obligation and replacement reserve, the opening balance as of April 1, 2014 for accounts receivable decreased by \$684,103, the capital lease increased by \$361,793, the replacement reserve decreased by \$232,047 and accumulated surplus decreased with a net effect of \$813,849.

The following table outlines the impact of this change on the prior period:

	As previously reported	Increase (Decrease)	Restated
<u>Consolidate Statement of Financial Position</u>			
Financial Assets			
Accounts receivable	\$ 1,573,795	\$( 684,103)	\$ 889,692
Liabilities			
Capital lease obligation		( 361,793)	( 361,793)
Replacement reserve	( 232,047)	232,047	
Net Debt	( 2,195,244)	( 813,849)	( 3,009,093)
Accumulated Surplus	12,794,467	( 813,849)	11,980,618
<u>Consolidated Statement of Operations</u>			
Accumulated Surplus, beginning of year	12,613,619	( 813,849)	11,799,770
Accumulated Surplus, end of year	12,794,467	( 813,849)	11,980,618
<u>Consolidated Statement of Change in Net Debt</u>			
Net Debt, beginning of the year	( 147,694)	( 813,849)	( 961,543)
Net Debt, end of the year	( 2,195,244)	( 813,849)	( 3,009,093)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

## 3. RESTRICTED CASH

## CMHC Replacement Reserve

As required, as part of The Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to tangible capital assets. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2015, \$114 (2014 - \$8,015) had been deposited into separate accounts leaving an unfunded balance of \$265,243 (2014 -\$232,047)

## Ottawa Trust Fund

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to The Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of The Nation's Council.

	2 0 1 5	2 0 1 4
CMHC Replacement Reserve	114	8,015
Ottawa Trust Fund		
Balance, beginning of year	10,046	9,796
Interest	284	250
Balance, end of year	10,330	10,046
Member of KI trust funds	-	2,871
	<u>\$ 10,444</u>	<u>\$ 20,932</u>

## 4. ACCOUNTS RECEIVABLE

	2 0 1 5	2 0 1 4
A.A.N.D.C.		
KI Flow through	\$	\$ 336,260
Education planning, design and construction	4,108	
Planning, design and construction	38,806	
Special services	37,594	
Local roads & bridges	6,000	
First Nation and Inuit Health Branch	474,623	
C.M.H.C.	40,845	11,838
Housing rents	159,761	66,971
Trade and other	17,000	-
Subtotal	304,114	889,692
Less: Allowance for doubtful accounts		
Housing rents	( 159,761)	-
	<u>\$ 144,353</u>	<u>\$ 889,692</u>

# KITCHENUHMAKOOSIB INNINUWUG

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

### 5. INVESTMENTS

	2 0 1 5	2 0 1 4
Investments in enterprises	\$ 4,637,982	\$ 4,637,982
Share of income to date	<u>(914,544)</u>	<u>(914,544)</u>
	<u><u>\$ 3,723,438</u></u>	<u><u>\$ 3,723,438</u></u>

### 6. DUE FROM KI ENTERPRISES 2

	2 0 1 5	2 0 1 4
Pe Tay Ka Win Development Corporation	\$	\$ 255,904
Big Trout Lake Fuels		11,000
Nu-May-Koos Corporation		120,434
KI Telecom		(56,245)
Nu-Mah-Koos Non-Profit Building Development Corporation		115,845
KI Slush Fund		(24,541)
Band Housing		150
Weechitewin Fund		(9,755)
KI SERD		12,000
Nipii Nanokeewin	-	(62,090)
	<u><u>\$ -</u></u>	<u><u>\$ 362,702</u></u>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 5	2 0 1 4
Payable to AANDC		
National Child Benefit	\$ 87,043	\$
Equay Wuk Shelter	18,104	
Trade and other payable	3,706,635	2,755,935
Receiver General	<u>211,982</u>	<u>528,833</u>
	<u><u>\$ 4,023,764</u></u>	<u><u>\$ 3,284,768</u></u>

### 8. DEFERRED REVENUE

	2 0 1 5	2 0 1 4
A.A.N.D.C.		
Human resources implementation project	\$	\$ 16,431
Community strategy	<u>-</u>	<u>42,367</u>
		58,798
Other Programs		
First Nation and Inuit Health Branch	<u>-</u>	218,752
	<u><u>\$ -</u></u>	<u><u>\$ 277,550</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

## 9. OBLIGATIONS UNDER CAPITAL LEASE

2015 2014

Capital lease obligation, payable in monthly installments of \$3,223 including interest at 5.90%, due March 2017, secured by assignment of minor capital and lease equipment. \$ 77,349 \$ 116,025

Capital lease obligation, payable in monthly installments of \$5,994 including interest at 6.03%, due August 2017, secured by assignment of minor capital and lease equipment. 173,836 245,768

\$ 251,185 \$ 361,793

Capital lease repayment terms are approximately:

2016	\$ 110,607
2017	<u>140,578</u>

Total minimum lease payments	<u>251,185</u>
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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

## 10. LONG TERM DEBT

2015 2014

Royal Bank of Canada, due on demand, bearing interest at prime plus 2.5%, repayable in monthly payments of principal of \$50,000 plus interest, secured by a general security agreement and guarantee by Nu-Mah-Koos Non-Profit Building Development Corporation, an irrevocable assignment of OFNLP funds from the First Nation and Nu-Mah-Koos Non-Profit Building Development Corporation, and an irrevocable assignment of Minor Capital, due February 26, 2016.

\$ 550,000 \$ 600,000

Royal Bank of Canada, due on demand, bearing interest at prime plus 2.5%, repayable in monthly payments of principal of \$50,000 plus interest, secured by a general security agreement and guarantee by Nu-Mah-Koos Non-Profit Building Development Corporation, an irrevocable assignment of OFNLP funds from the First Nation and Nu-Mah-Koos Non-Profit Building Development Corporation, and an irrevocable assignment of Minor Capital, due February 27, 2016.

550,000 600,000

C.M.H.C. mortgage, 1.99%, repayable in monthly installments of \$3,067 (Principal & Interest), due May 2014, secured by Ministerial Guarantee.

450,409 478,073

C.M.H.C. mortgage, 1.62%, repayable in monthly installments of \$2,214 (Principal & Interest), due March 2018, secured by Ministerial Guarantee.

412,020 431,798

C.M.H.C. mortgage, 1.62%, repayable in monthly installments of \$5,802 (Principal & Interest), due March 2018, secured by Ministerial Guarantee.

1,079,700 1,131,527

C.M.H.C. mortgage, 1.85%, repayable in monthly installments of \$6,893.07 (Principal & Interest), due August 2039, secured by Ministerial Guarantee and assignment of fire insurance.

1,627,880 -

\$ 4,670,009 \$ 3,241,398

( 253,825) ( 200,000)\$ 4,416,184 \$ 3,041,398

Less current portion

The scheduled principal amounts payable within the next five years to meet retirement provisions are estimated to be as follows:

March 31, 2016	\$ 253,825
2017	256,563
2018	259,349
2019	262,186
2020	265,073
Thereafter	<u>3,119,188</u>
	<u>\$ 4,416,184</u>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2015**

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### 11. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value		
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	Total
Infrastructure	\$ 9,789,652	\$	\$	\$ 9,789,652	\$ 2,569,781	\$ 391,586	\$	\$ 2,961,367	\$ 6,828,285
Assets under construction	689,257		689,257		274,630	27,822			689,257
Land & Building	556,438		556,438		2,081,859	149,002			253,986
Housing	6,131,352	1,734,127	7,865,479		2,230,861				5,634,618
Equipment & Vehicle	5,905,260	— 175,307	— 6,080,567	— 4,428,193	— 1,198,583	—	—	— 5,626,776	— 453,791
	<u>\$ 23,071,959</u>	<u>\$ 1,909,434</u>	<u>\$ 24,981,393</u>	<u>\$ 9,354,463</u>	<u>\$ 1,766,993</u>	<u>\$</u>	<u>\$</u>	<u>\$ 11,121,456</u>	<u>\$ 13,859,937</u>
									<u>\$ 13,717,496</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

## 12. CONTINGENT LIABILITIES

The Nation is currently defending a lawsuit against it by Platinex Inc. in the amount of \$10 million in general damages, \$1 million in special damages, and \$500,000 in punitive damages and legal costs for disruption of its exploration activities. The likelihood and dollar value of a possible settlement or other resolution is not determinable at this time.

The Nation has signed agreements with various government bodies for funding of programs which may require that surpluses be returned. If any amounts become repayable, they will be accounted for in the year of determination.

## 13. RECONCILIATION OF ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA REVENUE

		2 0 1 5	2 0 1 4
Agreement:	#1415-ON-000004	\$ 9,694,171	\$ 9,246,424
National Child Benefit	#CIDM#583355	<u>188,100</u>	-
		9,882,271	9,246,424
Repayable to AANDC for Equay Wuk Shelter		( 18,104)	
Repayable to AANDC for National Child Benefit		( 87,043)	-
TOTAL A.A.N.D.C. REVENUE PER FINANCIAL STATEMENTS		<u>\$ 9,777,124</u>	<u>\$ 9,246,424</u>

## 14. ECONOMIC DEPENDENCE

The Nation receives a majority of its revenue from the department of Aboriginal Affairs and Northern Development Canada (A.A.N.D.C.) and First Nation Inuit Health Branch (FNIH) as a result of treaties entered into with the Government of Canada. These treaties are administered by A.A.N.D.C. and FNIH under the terms and conditions of the Indian Act. The ability of the The Nation to continue its operation is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties. Simultaneously, The Nation is also attempting to develop alternate sources of revenue in order to become self-sufficient.

## 15. RELATED PARTY TRANSACTIONS

In the normal course of business The Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between The Nation and related parties, aggregate revenue and expenditures derived from related parties is not determinable.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

## 16. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 5	2 0 1 4
Administration	\$ 116,421	\$ 90,685
Amortization	1,766,993	704,169
Bad debt	160,467	84,820
Bank charges	133,020	51,809
Program costs	6,499,330	5,134,251
Workshop & training	235,065	180,704
Professional fees	793,759	629,680
Utilities	537,792	257,109
Office expenses	3,180,303	2,809,933
Rent	11,169	8,458
Salaries and benefits	8,141,156	7,907,008
Travel	1,419,722	1,040,281
Social assistance	104,692	79,283
Contribution to community	483,220	374,924
Income assistance	11,595	32,508
Services	<u>124,637</u>	<u>180,361</u>
	<u><u>\$ 23,719,341</u></u>	<u><u>\$ 19,565,983</u></u>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 17. SEGMENT DISCUSSION

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies in Note 1. The segment results for the year are as follows:

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YEAR ENDED MARCH 31

	Band Support and Admin		Public Works		Housing		Capital Projects		Education	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Revenues</b>										
Federal Government										
AANDC	\$ 717,766	\$ 760,470	\$ 3,059,985	\$ 3,508,971	\$ 805,076	\$ 40,648	\$ 795,828	\$ 4,078,196	\$ 3,026,644	
FNIB										
CMHC										
Canada Post Corporation	50,796	15,173								
Other	1,271,586	2,548,722	1,875,008	2,819,406	254,148	-	475,519	66,909	98,820	491,748
Total revenue	<u>2,040,148</u>	<u>3,324,365</u>	<u>4,934,993</u>	<u>6,726,576</u>	<u>1,270,472</u>	<u>139,782</u>	<u>516,167</u>	<u>862,737</u>	<u>4,177,016</u>	<u>3,518,392</u>
<b>Expenses</b>										
Amortization	1,572,177	534,525	5,184,991	5,095,358	143,461	97,559	215,164	1,640,098	22,267	
Other	1,866,920	1,231,245	1,568,124	2,359,866	639,267	284,006	84,469	135,924	1,156,966	
Salaries and benefits	888,668	1,420,318			417,993	28,658			2,707,989	1,842,770
Total expenses	<u>4,327,765</u>	<u>3,186,088</u>	<u>6,753,115</u>	<u>7,455,224</u>	<u>1,200,721</u>	<u>410,223</u>	<u>535,014</u>	<u>351,088</u>	<u>4,348,087</u>	<u>3,022,003</u>
Surplus (Deficit)	<u>\$ (2,287,617)</u>	<u>\$ 138,277</u>	<u>\$( 1,818,122)</u>	<u>\$( 728,648)</u>	<u>\$ 69,751</u>	<u>\$( 270,441)</u>	<u>\$( 18,847)</u>	<u>\$ 511,649</u>	<u>\$( 171,071)</u>	<u>\$ 496,389</u>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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YEAR ENDED MARCH 31

## 17. SEGMENT DISCLOSURE (*continued*)

# KITCHENUHMAKOOOSIB INNINUWUG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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YEAR ENDED MARCH 31

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

	2015	Elimination 2014	2015	TOTAL 2014
Revenues				
Federal Government				
AANDC	\$ 9,777,124	\$ 9,246,424		
FNIB	1,821,958	2,672,429		
CMHC	211,248	139,782		
Canada Post Corporation	50,796	15,173		
Other	—	—	10,189,870	7,673,023
Total revenue	—	—	<u>22,050,996</u>	<u>19,746,831</u>
Expenses				
Amortization	1,766,993	704,169		
Other	13,811,192	10,954,806		
Salaries and benefits	8,141,156	7,907,008		
Total expenses	—	—	<u>23,719,341</u>	<u>19,565,983</u>
(Deficit) Surplus	\$ —	\$ ( 1,668,345)	\$ 180,848	