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KITCHENUHMAKOOOSIB INNINUWUG  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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# **KITCHENUHMAKOOSIB INNINUWUG**

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**MARCH 31, 2018**

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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.

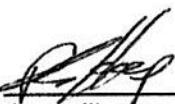
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

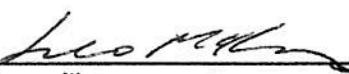
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

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.

  
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Chief

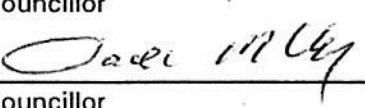
  
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Councillor

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Councillor



## INDEPENDENT AUDITORS' REPORT

**Collins Barrow HMA LLP**  
Suite 701 - 330 Portage Avenue  
Winnipeg, MB R3C 0C4  
T: 204.989.2229  
F: 204.944.9923  
TF: 1.866.730.4777  
[www.collinsbarrow.com](http://www.collinsbarrow.com)

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, 2018, and the consolidated statements of operations and accumulated surplus, consolidated statement of retained earnings 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 Qualified 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:

#### **Opening Balances**

We were not able to verify the opening balances as reported in the consolidated statement of financial position as at April 1, 2017. Since these opening balances enter into the determination of the ending balances as reported in the consolidated statement of financial position, as well as the results of operations, changes in net debt and cash flows, we were unable to determine whether adjustments to revenue, expenditures, annual surplus, change in net debt, or cash provided from/to operations might be necessary.

#### **Accounts Receivable**

We have been unable to satisfy ourselves with the completeness, valuation and existence, of accounts receivable, 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.





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#### 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, amounts due to Indigenous Services Canada, and accrued liabilities and expenses.

#### Basis for Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion Paragraphs, the financial statements present fairly, in all material respects, the financial position of the Kitchenuhmaykoosib Inninuwug as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba  
December 21, 2018

*Collins Barrow HMA LLP*

Chartered Professional Accountants



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# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2018	2017 (Restated)
<b>FINANCIAL ASSETS</b>		
Cash	\$ 3,616,750	\$ 3,011,725
Restricted cash (Note 3)	19,590	18,159
Accounts receivable (Note 4)	886,088	2,156,986
Investments (Note 5)	<u>3,562,301</u>	<u>3,592,842</u>
Total financial assets	<u>8,084,729</u>	<u>8,779,712</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	1,303,294	1,219,356
Deferred revenue (Note 7)	2,774,387	4,074,650
Replacement reserve	295,192	172,603
Capital lease obligations (Note 8)		35,338
Long term debt (Note 9)	<u>3,385,584</u>	<u>3,400,841</u>
Total liabilities	<u>7,758,457</u>	<u>8,902,788</u>
Net assets (debt)	<u>326,272</u>	(123,076)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 10)	20,972,381	12,673,906
Inventory	600,000	299,995
Prepaid expenses	<u>10,950</u>	-
Total non-financial assets	<u>21,583,331</u>	<u>12,973,901</u>
Accumulated surplus	<u>\$ 21,909,603</u>	<u>\$ 12,850,825</u>
Contingent liabilities (Note 11)		

Approved by Chief and Council

Chief

*Donny*

Councillor

*D.H.P.*

Councillor

*Stanley Bheewat*

*Uncle mckay*

Councillor

*Bobbi Joe*

Councillor

# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	2018	2017 (Restated)
<b>REVENUE</b>		
Indigenous Services Canada ( <i>Note 12</i> )	\$ 11,724,631	\$ 10,667,130
Health Canada	11,285,710	1,945,548
CMHC	245,853	245,853
Canada Post	159,859	125,369
Local revenue	5,425,631	6,571,845
Provincial Government	426,733	449,986
Other	4,930,048	4,968,223
OFNLP	1,359,492	1,353,511
SLAAMB	<u>399,943</u>	<u>228,395</u>
	<u>35,957,900</u>	<u>26,555,860</u>
<b>EXPENDITURES</b>		
Band Support and Administration	2,647,555	4,139,844
Public Works	4,565,901	4,996,833
Education	3,955,800	4,042,483
Housing	442,791	372,393
Capital Projects	2,417,474	1,609,839
Social Economics and Development	565,432	685,182
Health Care	3,924,922	2,773,287
Economic Development	121,065	119,871
Local Revenue	7,365,547	7,720,732
Equay Wuk Shelter	<u>892,635</u>	<u>773,854</u>
	<u>26,899,122</u>	<u>27,234,318</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>9,058,778</b>	<b>( 678,458)</b>
ACCUMULATED SURPLUS, <i>beginning of year</i>	12,850,825	9,843,482
PRIOR PERIOD ADJUSTMENT ( <i>Note 2</i> )	<u>-</u>	<u>3,685,801</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 21,909,603</u>	<u>\$ 12,850,825</u>

# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS

YEAR ENDED MARCH 31

	2018	2017 (Restated)
Annual surplus	\$ 9,058,778	\$ ( 678,458)
Acquisition of tangible capital assets	( 836,268)	( 212,578)
Amortization of tangible capital assets	734,623	1,344,550
Acquisition of construction in progress	( 8,196,830)	( 1,882,982)
	( 8,298,475)	( 751,010)
Acquisition of fuel inventory	( 600,000)	( 299,995)
Acquisition of prepaid expenses	( 10,950)	
Use of fuel inventory	299,995	201,222
	( 310,955)	( 98,773)
CHANGE IN NET DEBT FOR YEAR	449,348	( 1,528,241)
NET ASSETS (DEBT), <i>beginning of year</i>	( 123,076)	1,405,165
NET ASSETS (DEBT), <i>end of year</i>	\$ 326,272	\$ ( 123,076)

# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2018	2017 (Restated)
<b>CASH FLOW FROM</b>		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding and other sources		
Cash paid to suppliers and employees	\$ 39,952,261	\$ 28,250,252
	(29,650,468)	(26,244,125)
	10,301,793	2,006,127
Items not affecting cash:		
Amortization	734,623	1,344,550
Write down of investments	30,541	
Change in asset value	(1,131,810)	1,644,921
	9,935,147	4,995,598
<i>INVESTING ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	(9,033,098)	(2,095,560)
	(9,033,098)	(2,095,560)
<i>FINANCING ACTIVITIES</i>		
Repayment of capital lease	(35,338)	(108,065)
Repayment of bank loan	(255,255)	(324,890)
Repayment of bank indebtedness	(5,000)	
	(295,593)	(432,955)
NET INCREASE IN CASH DURING YEAR	606,456	2,467,083
CASH, <i>beginning of year</i>	3,029,884	562,801
CASH, <i>end of year</i>	\$ 3,636,340	\$ 3,029,884
<b>CASH COMPRISED OF</b>		
Cash	\$ 3,616,750	\$ 3,011,725
Restricted cash	19,590	18,159
	\$ 3,636,340	\$ 3,029,884

# KITCHENUHMAKOOSIB INNINUWUG

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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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 Inninuwug (the Nation) reporting entity includes the Kitchenuhmaykoosib Inninuwug 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 Inninuwug Band
- Kitchenuhmaykoosib Inninuwug Local Revenue
- Kitchenuhmaykoosib Inninuwug 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.

#### *Inventory*

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, 2018****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 principle 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%
Buildings	20%
Housing	5%
Equipment	20%
Vehicles	20%

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, 2018****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)******FINANCIAL INSTRUMENTS***

Financial instruments include cash, accounts receivable, investments, 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 investments, the carrying value as presented in the financial statements is a reasonable estimate 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, 2018

## 2. PRIOR PERIOD ADJUSTMENT

The Nation had began construction of the nursing station and multi-unit capital projects in the prior year. The total construction costs were not reflected properly in the financial statements in the prior year. The total construction in progress related to these projects at the end of March 31, 2017, should have been \$2,695,726.

As a result of the changes to the construction in progress related to the nursing station and multi-unit capital projects in the prior year, the corresponding deferred revenues related to the projects have also increased. The deferred revenues related to the nursing station, multi-unit capital projects and other government funding at the end of March 31, 2017, should have been \$4,074,650.

The Nation has some old payable accounts settled in prior years but not adjusted for in the prior years accounts payable subledger. These payables were estimated to be \$2,961,846.

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

	As previously reported	Increase (Decrease)	Restated
Tangible capital assets	\$ 10,729,801	\$	\$ 10,729,801
Add: Nursing station and multi-unit not capitalized	<u>-</u>	<u>1,944,105</u>	<u>1,944,105</u>
	<u>\$ 10,729,801</u>	<u>\$ 1,944,105</u>	<u>\$ 12,673,906</u>
Deferred revenue	\$ 2,854,499	\$	\$ 2,854,499
Add: Adjustment to revenue related to construction in progress	<u>-</u>	<u>1,220,151</u>	<u>1,220,151</u>
	<u>\$ 2,854,499</u>	<u>\$ 1,220,151</u>	<u>\$ 4,074,650</u>
Accounts payable	4,181,203		4,181,203
Less: Adjustments to write off old debt payables	<u>-</u>	<u>( 2,961,847)</u>	<u>( 2,961,847)</u>
	<u>\$ 4,181,203</u>	<u>\$ ( 2,961,847)</u>	<u>\$ 1,219,356</u>
<u>Consolidated Statement of Operations</u>			
Accumulated Surplus, end of year	<u>\$ 9,165,024</u>	<u>\$ 3,685,801</u>	<u>\$ 12,850,825</u>
<u>Consolidated Statement of Change in Net Debt</u>			
Net Debt, end of year	<u>\$ ( 1,864,772)</u>	<u>\$ 1,741,696</u>	<u>\$ ( 123,076)</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 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, 2018, \$7,482 (2017 - \$7,610) had been deposited into separate accounts leaving an unfunded balance of \$295,192 (2017 -\$172,603)

## 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 Indigenous Services Canada, with the consent of The Nation's Council.

	2 0 1 8	2 0 1 7
CMHC Replacement Reserve account	\$ <u>7,482</u>	\$ <u>7,610</u>
Ottawa Trust Fund		
Balance, beginning of year	<u>10,549</u>	10,549
Interest	<u>1,559</u>	-
Balance, end of year	<u>12,108</u>	10,549
	<u><u>\$ 19,590</u></u>	<u><u>\$ 18,159</u></u>

## 4. ACCOUNTS RECEIVABLE

	2 0 1 8	2 0 1 7
Indigenous Services Canada		
Band support funding	\$ <u>88,702</u>	\$ -
School feasibility study	<u>100,019</u>	
Fire protection	<u>65,319</u>	
Local roads and bridges	6,000	
Wastewater	-	7,000
Subtotal	<u>254,040</u>	13,000
Health Canada	<u>67,849</u>	
Other sources	<u>564,199</u>	<u>2,143,986</u>
	<u><u>\$ 886,088</u></u>	<u><u>\$ 2,156,986</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 5. INVESTMENTS

	2 0 1 8	2 0 1 7
Investments	\$ 3,562,301	\$ 4,507,386
Less share of income to date	<u>-</u>	<u>( 914,544)</u>
	<u><u>\$ 3,562,301</u></u>	<u><u>\$ 3,592,842</u></u>

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 8	2 0 1 7 (Restated)
Payable to Indigenous Services Canada		
National Child Benefit	\$	\$ 87,043
Equay Wuk Shelter	<u>-</u>	<u>67,960</u>
		155,003
Trade and other payables	<u>1,303,294</u>	1,064,353
	<u><u>\$ 1,303,294</u></u>	<u><u>\$ 1,219,356</u></u>

## 7. DEFERRED REVENUE

	2 0 1 8	2 0 1 7 (Restated)
Indigenous Services Canada		
Fire hall	\$ 65,319	\$ -
Fuel assets and diesel generator sites		305,673
Fuel oil furnace replacement	105,216	
Housing construction	-	1,096,478
LED Peak load reduction	85,000	
School feasibility	94,111	68,000
Solid waste planning study	47,320	
Waste management infrastructure	39,259	
Wastewater contribution	<u>167,731</u>	<u>-</u>
	<u>\$ 603,956</u>	1,470,151
Health Canada		
Construction in progress	<u>2,170,431</u>	<u>2,604,499</u>
	<u><u>\$ 2,774,387</u></u>	<u><u>\$ 4,074,650</u></u>

## 8. OBLIGATIONS UNDER CAPITAL LEASE

	2 0 1 8	2 0 1 7
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.	\$ -	\$ 35,338
	<u><u>\$ -</u></u>	<u><u>\$ 35,338</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 9. LONG TERM DEBT

	2 0 1 8	2 0 1 7
John Deere Financial, 2.9%, repayable in monthly installments of \$4,826 (Principal & Interest), secured by equipment purchased, due March 2, 2023.	\$ 269,265	\$ -
John Deere Financial, repayable in monthly installments of \$5,706 (Principal & Interest) due March 2018, secured by installment contract and title of ownership.	- -	68,147
NADF, repayable in monthly installments of \$2,404 (Principal & Interest) due November 2018, secured by general security agreement, PPSA registration and promissory note.	12,552	58,470
NADF, repayable in monthly installments of \$1,283 (Principal & Interest) due November 2018, secured by general security agreement, PPSA registration and promissory note.	9,470	20,370
C.M.H.C. mortgage, 1.98%, repayable in monthly installments of \$3,067 (Principal & Interest), due May 2019, secured by Ministerial Guarantee.	363,464	392,763
C.M.H.C. mortgage, 1.62%, repayable in monthly installments of \$2,214 (Principal & Interest), due March 2018, secured by Ministerial Guarantee.	350,255	370,986
C.M.H.C. mortgage, 1.62%, repayable in monthly installments of \$5,802 (Principal & Interest), due March 2018, secured by Ministerial Guarantee.	1,462,732	1,517,935
C.M.H.C. mortgage, 1.85%, repayable in monthly installments of \$6,893 (Principal & Interest), due August 2039, secured by Ministerial Guarantee and assignment of fire insurance.	<u>917,846</u>	<u>972,170</u>
	<u><u>\$ 3,385,584</u></u>	<u><u>\$ 3,400,841</u></u>

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

March 31, 2019	\$ 234,998
2020	217,357
2021	221,832
2022	226,405
2023	231,079
Thereafter	<u>2,253,913</u>
	<u><u>\$ 3,385,584</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 10. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals,	Write-offs & Adjustments	Opening Balance	Amortization	Disposals,	Write-offs & Adjustments	Total	Total
Construction in progress	\$ 2,695,276	\$ 8,196,830	\$	\$ 10,892,106	\$	\$	\$	\$	\$ 10,892,106	\$ 2,695,276
Infrastructure	15,124,369			15,124,369	9,839,850	196,652			10,036,502	5,087,867 5,284,519
Buildings	739,605	91,617		831,222	629,746	16,635			646,381	184,841 109,859
Housing	5,825,321			5,825,321	2,484,292	159,556			2,643,848	3,181,473 3,341,029
Equipment	1,955,765	388,454	-	2,344,219	1,097,189	162,372	-		1,259,561	1,084,658 858,576
Vehicles	1,607,068	356,197	-	1,963,265	1,222,421	199,408	-		1,421,829	541,436 384,647
	<u>\$ 27,947,404</u>	<u>\$ 9,033,098</u>	<u>\$ -</u>	<u>\$ 36,980,502</u>	<u>\$ 15,273,498</u>	<u>\$ 734,623</u>	<u>\$ -</u>	<u>\$ 16,008,121</u>	<u>\$ 20,972,381</u>	<u>\$ 12,673,906</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 11. CONTINGENT LIABILITIES

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.

## 12. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 1 8	2 0 1 7 (Restated)
Agreement:	#1718-ON-000029	<u>\$ 10,863,263</u> <u>\$ 12,132,449</u>
Plus: Revenue deferred from previous years		
Major capital project housing	1,091,647	
Fuel assets and diesel generator sites	305,673	
School feasibility study	68,000	
Less: Revenue deferred to subsequent year		
Fuel assets and diesel generator sites	( 305,673)	
Construction of multi-units	( 1,091,646)	
School feasibility	( 94,111) <u>( 68,000)</u>	
Peak load reduction	( 85,000)	
Wastewater contribution	( 167,731)	
Solid waste planning study	( 47,320)	
Waste mgmt infrastructure	( 39,255)	
Fire protection	( 65,319)	
Fuel oil furnace replacement	( 105,216) <u> -</u>	
<b>TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS</b>	<b><u>\$ 11,724,631</u></b>	<b><u>\$ 10,667,130</u></b>

## 13. ECONOMIC DEPENDENCE

The Nation receives a majority of its revenue from the department of Indigenous Services Canada (I.S.C.) and Health Canada as a result of treaties entered into with the Government of Canada. These treaties are administered by I.S.C. and Health Canada under the terms and conditions of the Indian Act. The ability of 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 14. 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.

## 15. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2018	2017 (Restated)
Administration	\$ 2,227,176	\$ 76,806
Amortization	734,623	1,344,550
Bad debts		368,220
Bank charges	32,651	203,648
Community development	288,168	219,888
Income assistance	1,100	1,109
Office	532,440	687,236
Professional fees	1,154,664	1,330,325
Program costs	8,912,476	8,667,491
Rent	6,000	23,310
Repairs and maintenance	365,566	270,509
Salaries and wages	9,116,195	10,776,841
Services		64,080
Social assistance		31,139
Travel	1,774,621	1,561,080
Utilities	1,568,298	1,321,770
Training	<u>185,144</u>	<u>286,316</u>
	<u><u>\$ 26,899,122</u></u>	<u><u>\$ 27,234,318</u></u>

## 16. CONSTRUCTION IN PROGRESS

	2018	2017 (Restated)
Nursing station project	<u>\$ 10,892,106</u>	<u>\$ 2,695,276</u>
	<u><u>\$ 10,892,106</u></u>	<u><u>\$ 2,695,276</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 16. SEGMENT DISCLOSURE

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:

	Band Support and Admin		Public Works		Education		Housing		Capital Projects	
	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)
<b>Revenues</b>										
Federal Government										
ISC	\$ 1,095,276	\$ 1,031,632	\$ 3,613,440	\$ 3,172,821	\$ 4,061,623	\$ 3,682,934	\$ 245,853	\$ 245,853	\$ 1,920,536	\$ 1,420,212
CMHC										
Canada Post Corporation	95,992									
Other	<u>1,942,580</u>	<u>2,225,565</u>	<u>830,749</u>	<u>1,837,061</u>	<u>351,045</u>	<u>220,050</u>	<u>156,504</u>	<u>164,705</u>	<u>30,581</u>	<u>175,000</u>
<b>Total revenue</b>	<u><u>3,133,848</u></u>	<u><u>3,257,197</u></u>	<u><u>4,444,189</u></u>	<u><u>5,009,882</u></u>	<u><u>4,412,668</u></u>	<u><u>3,902,984</u></u>	<u><u>402,357</u></u>	<u><u>410,558</u></u>	<u><u>1,951,117</u></u>	<u><u>1,595,212</u></u>
<b>Expenses</b>										
Amortization	554,163	1,152,095					159,556	156,960		
Other	790,913	1,247,438	3,091,253	3,061,814	1,717,627	926,107	262,101	187,958	1,968,354	1,287,926
Salaries and benefits	<u>1,302,479</u>	<u>1,740,311</u>	<u>1,474,648</u>	<u>1,935,019</u>	<u>2,238,173</u>	<u>3,116,376</u>	<u>21,134</u>	<u>27,475</u>	<u>449,120</u>	<u>321,913</u>
<b>Total expenses</b>	<u><u>2,647,555</u></u>	<u><u>4,139,844</u></u>	<u><u>4,565,901</u></u>	<u><u>4,996,833</u></u>	<u><u>3,955,800</u></u>	<u><u>4,042,483</u></u>	<u><u>442,791</u></u>	<u><u>372,393</u></u>	<u><u>2,417,474</u></u>	<u><u>1,609,839</u></u>
<b>Surplus (Deficit)</b>	<u><u>\$ 486,293</u></u>	<u><u>\$( 882,647)</u></u>	<u><u>\$( 121,712)</u></u>	<u><u>\$ 13,049</u></u>	<u><u>\$ 456,868</u></u>	<u><u>\$( 139,499)</u></u>	<u><u>\$( 40,434)</u></u>	<u><u>\$ 38,165</u></u>	<u><u>\$( 466,357)</u></u>	<u><u>\$( 14,627)</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2018**

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

	Socio-Economic and Development		Health Care		KI Economic Development		Local Revenue		Equay Wuk Shelter	
	<u>2018</u>	<u>2017</u> <i>(Restated)</i>	<u>2018</u>	<u>2017</u> <i>(Restated)</i>	<u>2018</u>	<u>2017</u> <i>(Restated)</i>	<u>2018</u>	<u>2017</u> <i>(Restated)</i>	<u>2018</u>	<u>2017</u> <i>(Restated)</i>
<b>Revenues</b>										
Federal Government										
ISC	\$ 67,750	\$ 393,525	\$ 11,285,710	\$ 1,945,548	\$ 112,700	\$ 112,700	\$ 63,867	\$ 125,369	\$ 853,306	\$ 853,306
Health Canada										
CMHC										
Canada Post Corporation										
Other	<u>575,234</u>	<u>247,753</u>	<u>479,762</u>	<u>810,775</u>	<u>-</u>	<u>-</u>	<u>7,946,023</u>	<u>7,799,987</u>	<u>229,369</u>	<u>91,064</u>
<b>Total revenue</b>	<b><u>642,984</u></b>	<b><u>641,278</u></b>	<b><u>11,765,472</u></b>	<b><u>2,756,323</u></b>	<b><u>112,700</u></b>	<b><u>112,700</u></b>	<b><u>8,009,890</u></b>	<b><u>7,925,356</u></b>	<b><u>1,082,675</u></b>	<b><u>944,370</u></b>
<b>Expenses</b>										
Amortization										
Other	<u>304,609</u>	<u>234,526</u>	<u>1,955,629</u>	<u>1,072,258</u>	<u>19,601</u>	<u>15,782</u>	<u>6,648,177</u>	<u>6,823,087</u>	<u>290,040</u>	<u>256,031</u>
Salaries and benefits	<u>260,823</u>	<u>450,656</u>	<u>1,969,293</u>	<u>1,701,029</u>	<u>101,464</u>	<u>104,089</u>	<u>717,370</u>	<u>897,645</u>	<u>581,691</u>	<u>482,328</u>
<b>Total expenses</b>	<b><u>565,432</u></b>	<b><u>685,182</u></b>	<b><u>3,924,922</u></b>	<b><u>2,773,287</u></b>	<b><u>121,065</u></b>	<b><u>119,871</u></b>	<b><u>7,365,547</u></b>	<b><u>7,720,732</u></b>	<b><u>892,635</u></b>	<b><u>773,854</u></b>
<b>Surplus (Deficit)</b>	<b><u>\$ 77,552</u></b>	<b><u>\$ ( 43,904 )</u></b>	<b><u>\$ 7,840,550</u></b>	<b><u>\$ ( 16,964 )</u></b>	<b><u>\$ ( 8,365 )</u></b>	<b><u>\$ ( 7,171 )</u></b>	<b><u>\$ 644,343</u></b>	<b><u>\$ 204,624</u></b>	<b><u>\$ 190,040</u></b>	<b><u>\$ 170,516</u></b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	TOTAL	<u>2018</u>	<u>2017</u> <i>(Restated)</i>
Revenues			
Federal Government			
ISC	\$ 11,724,631	\$ 10,667,130	
FNIHB	11,285,710	1,945,548	
CMHC	245,853	245,853	
Canada Post Corporation	159,859	125,369	
Other	<u>12,541,847</u>	<u>13,571,960</u>	
Total revenue	<u>35,957,900</u>	<u>26,555,860</u>	
Expenses			
Amortization	734,623	1,344,550	
Other	17,048,304	15,112,927	
Salaries and benefits	<u>9,116,195</u>	<u>10,776,841</u>	
Total expenses	<u>26,899,122</u>	<u>27,234,318</u>	
Surplus (Deficit)	<u>\$ 9,058,778</u>	<u>\$( 678,458)</u>	