
KITCHENUHMAKOOOSIB INNINUWUG
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

KITCHENUHMAKOOSIB INNINUWUG

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUSSTATEMENT 2

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT.....STATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWS.....STATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

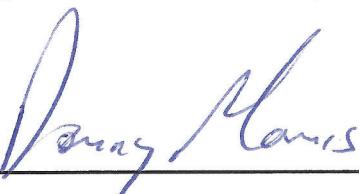
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are 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.

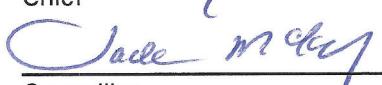
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

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, Baker Tilly 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.



Chief



Councillor

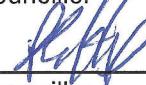


Councillor

Councillor



Councillor



Councillor

Councillor

INDEPENDENT AUDITORS' REPORT

Baker Tilly HMA LLP
701 - 330 Portage Avenue
Winnipeg, MB R3C 0C4

T: 204.989.2229
TF: 1.866.730.4777
F: 204.944.9923

winnipeg@bakertilly.ca
www.bakertilly.ca

To the Shareholders
Kitchenuhmaykoosib Inninuwug

Qualified Opinion

We have audited the accompanying consolidated financial statements of Kitchenuhmaykoosib Inninuwug, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, consolidated statement of retained earnings and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We have conducted our audit in accordance with Canadian public sector accounting standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Kitchenuhmaykoosib Inninuwug in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2018. 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.

(continued.....)

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.

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.

Investment

We have been unable to satisfy ourselves with the rights and obligation and valuation of the recorded investment, due to non-availability of the information. As a result, we were not able to assess whether potentially material adjustments were required to investment and related revenue and expense.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

In preparing the consolidated financial statements, management is responsible for assessing Kitchenuhmaykoosib Inninuwug's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Kitchenuhmaykoosib Inninuwug or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Kitchenuhmaykoosib Inninuwug's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continued.....)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kitchenuhmaykoosib Innnuwug's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kitchenuhmaykoosib Innnuwug's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Kitchenuhmaykoosib Innnuwug to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
July 31, 2019

KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2019 2018

FINANCIAL ASSETS

Cash	8,154,762	3,616,750
Restricted cash (Note 2)	12,276	19,590
Accounts receivable (Note 3)	2,663,593	886,088
Investments (Note 4)	<u>3,562,301</u>	<u>3,562,301</u>
Total financial assets	<u>14,392,932</u>	<u>8,084,729</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	2,829,834	1,303,294
Deferred revenue (Note 6)	7,337,422	2,774,387
Replacement reserve	332,657	295,192
Long term debt (Note 7)	<u>3,465,597</u>	<u>3,385,584</u>
Total liabilities	<u>13,965,510</u>	<u>7,758,457</u>
Net assets	<u>427,422</u>	<u>326,272</u>

NON-FINANCIAL ASSETS

Tangible capital assets (Note 8)	26,957,798	20,972,381
Inventory	122,798	600,000
Prepaid expenses	<u>202,200</u>	<u>10,950</u>
Total non-financial assets	<u>27,282,796</u>	<u>21,583,331</u>
Accumulated surplus	<u>\$ 27,710,218</u>	<u>\$ 21,909,603</u>

Contingent liabilities (Note 10)

Approved by Chief and Council

.....
 Donny Mannis
 Chief

 Jack McCoy
 Councillor

.....
 Stanley Bluebird
 Councillor

 AP
 Councillor

KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	2 0 1 9	2 0 1 8
REVENUE		
Indigenous Services Canada (<i>Note 11</i>)	\$ 12,935,780	\$ 11,724,631
Health Canada	<u>13,559,929</u>	11,285,710
CMHC	254,048	245,853
Canada Post	646,964	159,859
Local revenue	227,081	5,425,631
Provincial Government	216,237	426,733
Other	7,654,376	4,930,048
OFNLP	1,722,694	1,359,492
SLAAMB	<u>175,841</u>	<u>399,943</u>
	<u><u>37,392,950</u></u>	<u><u>35,957,900</u></u>
EXPENDITURES		
Band Support and Administration	4,810,177	2,647,555
Lands and Environment	449,846	
Public Works	5,445,739	4,565,901
Education	4,647,942	3,955,800
Housing	523,591	442,791
Capital Projects	882,634	2,417,474
Social Economics and Development	791,407	565,432
Health Care	8,157,268	3,924,922
Economic Development	158,986	121,065
Local Revenue	4,720,781	7,365,547
Equay Wuk Shelter	<u>1,003,964</u>	<u>892,635</u>
	<u><u>31,592,335</u></u>	<u><u>26,899,122</u></u>
ANNUAL SURPLUS	5,800,615	9,058,778
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>21,909,603</u>	<u>12,850,825</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 27,710,218</u>	<u>\$ 21,909,603</u>

KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS

YEAR ENDED MARCH 31

	2 0 1 9	2 0 1 8
Annual surplus	\$ 5,800,615	\$ 9,058,778
Acquisition of tangible capital assets and construction in progress	(7,336,668)	(9,033,098)
Disposition of capital assets	32,471	
Amortization of tangible capital assets	1,318,780	734,623
	<u>(5,985,417)</u>	<u>(8,298,475)</u>
Acquisition of fuel inventory	(122,798)	(600,000)
Acquisition of prepaid expenses	(202,200)	(10,950)
Use of prepaid expenses	10,950	
Use of fuel inventory	600,000	299,995
	<u>285,952</u>	<u>(310,955)</u>
CHANGE IN NET DEBT FOR YEAR	101,150	449,348
NET ASSETS (DEBT), <i>beginning of year</i>	326,272	(123,076)
NET ASSETS, <i>end of year</i>	<u>\$ 427,422</u>	<u>\$ 326,272</u>

KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

2019 2018

CASH FLOW FROM

OPERATING ACTIVITIES

Cash received from funding and other sources	\$ 35,615,445	\$ 39,952,261
Cash paid to suppliers and employees	(23,798,092)	(30,017,114)
	<u>11,817,353</u>	<u>9,935,147</u>

INVESTING ACTIVITIES

Acquisition of tangible capital assets and construction in progress	(7,366,668)	(9,033,098)
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FINANCING ACTIVITIES

Repayment of capital lease		(35,338)
Acquisition of long term debt	380,000	
Repayment of bank loan	(299,987)	(255,255)
Repayment of bank indebtedness	<u>-</u>	<u>(5,000)</u>
	<u>80,013</u>	<u>(295,593)</u>

NET INCREASE IN CASH DURING YEAR 4,530,698 606,456

CASH, *beginning of year* 3,636,340 3,029,884

CASH, *end of year* \$ 8,167,038 \$ 3,636,340

CASH COMPRISED OF

Cash	8,154,762	3,616,750
Restricted cash	<u>12,276</u>	<u>19,590</u>
	<u>\$ 8,167,038</u>	<u>\$ 3,636,340</u>

KITCHENUHMAKOOSIB INNINUWUG

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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

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:

- Wasaya Group 49%
- Wasaya Partnership 51%

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, 2019****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, 2019****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, 2019

2. 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, 2019, \$169 (2018 - \$7,482) had been deposited into separate accounts leaving an unfunded balance of \$332,657 (2018 -\$295,192)

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 9	2 0 1 8
CMHC Replacement Reserve account	\$ <u>169</u>	\$ <u>7,482</u>
Ottawa Trust Fund		
Balance, beginning of year	<u>12,107</u>	10,549
Interest	<u>-</u>	<u>1,559</u>
Balance, end of year	<u>12,107</u>	12,108
	<u>\$ 12,276</u>	<u>\$ 19,590</u>

3. ACCOUNTS RECEIVABLE

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Band support funding	\$	\$ 88,702
School feasibility study		100,019
Fire protection	65,319	65,319
Economic development	18,787	
Planning design and construction	20	
Capacity Innovation housing	16,500	
Economic development support and capacity building	46,079	
Instructional services	322,351	
Student transportation	159,393	
FNWWAP Wastewater > 1.5M	150,000	
Vulnerable systems	306,836	-
Subtotal	1,085,285	254,040
Health Canada	269,118	67,849
Other sources	<u>1,309,190</u>	<u>564,199</u>
	<u>\$ 2,663,593</u>	<u>\$ 886,088</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

4. INVESTMENTS	2019	2018
Investments in Wasaya	\$ <u>3,562,301</u>	\$ <u>3,562,301</u>
5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2019	2018
Trade and other payables	\$ <u>2,829,834</u>	\$ <u>1,303,294</u>
6. DEFERRED REVENUE	2019	2018
Indigenous Services Canada		
Capital School Construction	\$ <u>3,500,000</u>	\$
Fire hall		65,319
Fuel oil furnace replacement		105,216
Feasibility Study	<u>63,094</u>	
LED Peak load reduction		85,000
School feasibility		94,111
Solid waste planning study		47,320
Vulnerable systems	<u>306,836</u>	
Waste management infrastructure		39,259
Wastewater contribution	<u>215,617</u>	167,731
Wastewater < 1.5M	<u>35,923</u>	
Wastewater > 1.5M	<u>150,000</u>	<u>-</u>
	\$ <u>4,271,470</u>	\$ <u>603,956</u>
Health Canada		
Construction in progress	<u>3,051,320</u>	2,170,431
Other	<u>14,632</u>	<u>-</u>
	\$ <u>7,337,422</u>	\$ <u>2,774,387</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

7. LONG TERM DEBT

	2 0 1 9	2 0 1 8
John Deere Financial, 2.9%, repayable in monthly installments of \$4,826 (Principal & Interest), secured by equipment purchased, due March 2, 2023.	\$ 218,485	\$ 269,265
John Deere Financial, repayable in monthly installments of \$7,179 (Principal & Interest) due March 2023.	311,336	
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
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
C.M.H.C. mortgage, 1.98%, repayable in monthly installments of \$3,067 (Principal & Interest), due May 2019, secured by Ministerial Guarantee.	333,582	363,464
C.M.H.C. mortgage, 1.62%, repayable in monthly installments of \$2,214 (Principal & Interest), due March 2018, secured by Ministerial Guarantee.	330,255	350,255
C.M.H.C. mortgage, 1.62%, repayable in monthly installments of \$5,802 (Principal & Interest), due March 2018, secured by Ministerial Guarantee.	1,406,503	1,462,732
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>865,436</u>	<u>917,846</u>
	<u><u>\$ 3,465,597</u></u>	<u><u>\$ 3,385,584</u></u>

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

March 31, 2020	\$ 289,402
2021	297,598
2022	306,081
2023	314,779
2024	177,098
Thereafter	<u>2,080,639</u>
	<u><u>\$ 3,465,597</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

8. 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	Total
									2019	2018
Construction in progress	\$ 10,892,106	\$ 4,462,513	\$	\$ 15,354,619	\$ 10,682,883	\$ 540,023	\$	\$ 11,222,906	\$ 15,354,619	\$ 10,892,106
Infrastructure	15,955,591	1,983,978		17,939,569	2,643,848	158,522		2,802,370	6,716,663	5,272,708
Housing	5,825,321			5,825,321	1,259,561	242,522		1,502,083	3,022,951	3,181,473
Equipment	2,344,219	561,491	-	2,905,710	377,713		8,118	1,791,424	1,403,627	1,084,658
Vehicles	1,963,265	328,685	40,588	2,251,362	1,421,829				459,938	541,436
	<u>\$ 36,980,502</u>	<u>\$ 7,336,667</u>	<u>\$ 40,588</u>	<u>\$ 44,276,581</u>	<u>\$ 16,008,121</u>	<u>\$ 1,318,780</u>	<u>\$ 8,118</u>	<u>\$ 17,318,783</u>	<u>\$ 26,957,798</u>	<u>\$ 20,972,381</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

9. CONSTRUCTION IN PROGRESS

	2 0 1 9	2 0 1 8
Nursing station project	<u>\$ 15,354,619</u>	<u>\$ 10,892,106</u>
	<u>\$ 15,354,619</u>	<u>\$ 10,892,106</u>

10. 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.

11. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 1 9	2 0 1 8
Agreement: #1718-ON-000029	<u>\$ 16,603,298</u>	<u>\$ 10,863,263</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	94,111	68,000
Peak loan reduction	85,000	
Wastewater contribution	167,731	
Solid waste planning study	47,320	
Waste management infrastructure	39,255	
Fire protection	65,319	
Fuel oil furnace replacement	105,216	
Less: Revenue deferred to subsequent year		
Capital school construction	(3,500,000)	
FNWWAP wastewater < 1.5M	(35,923)	
FNWWAP wastewater > 1.5M	(150,000)	
Vulnerable systems	(306,836)	
Feasibility study	(63,094)	
School feasibility	(94,111)	
Peak load reduction	(85,000)	
Wastewater contribution	(215,617)	(167,731)
Solid waste planning study		(47,320)
Waste mgmt infrastructure		(39,255)
Fire protection		(65,319)
Fuel oil furnace replacement	-	(105,216)
TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS	<u>\$ 12,935,780</u>	<u>\$ 11,724,631</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2019**

12. 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 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.

13. 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, 2019****14. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	2 0 1 9	2 0 1 8
Administration	\$ 912,257	\$ 2,227,176
Amortization	1,318,780	734,623
Bank charges	14,537	32,651
Community development	385,077	288,168
Income assistance	187,083	1,100
Office	1,053,143	532,440
Professional fees	2,707,485	1,154,664
Program costs	8,090,368	8,912,476
Rent	299	6,000
Repairs and maintenance	778,723	365,566
Salaries and wages	10,513,095	9,116,195
Travel	3,960,217	1,774,621
Utilities	1,377,881	1,568,298
Training	<u>293,390</u>	<u>185,144</u>
	<u><u>\$ 31,592,335</u></u>	<u><u>\$ 26,899,122</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

15. 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		Lands and Environment		Public Works		Education		Housing	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues										
Federal Government										
ISC	\$ 2,194,689	\$ 1,095,276	\$ 178,826	\$	\$ 4,140,529	\$ 3,613,440	\$ 4,485,270	\$ 4,061,623	\$	\$
Health Canada										
CMHC										
Canada Post Corporation		95,992								
Other	1,381,850	1,942,580	227,792	-	824,967	830,749	593,074	351,045	369,366	156,504
Total revenue	3,576,539	3,133,848	406,618	-	4,965,496	4,444,189	5,568,968	4,412,668	623,414	402,357
Expenses										
Amortization	1,133,992	554,163								
Other	2,417,248	790,913	317,361		4,034,220	3,091,253	1,916,382	1,717,627	158,522	159,556
Salaries and benefits	1,258,937	1,302,479	132,485	-	1,411,519	1,474,648	2,731,560	2,238,173	365,069	262,101
Total expenses	4,810,177	2,647,555	449,846	-	5,445,739	4,565,901	4,647,942	3,955,800	523,591	442,791
Surplus (Deficit)	\$ (1,233,638)	\$ 486,293	\$ (43,228)	\$ -	\$ (480,243)	\$ (121,712)	\$ 921,026	\$ 456,868	\$ 99,823	\$ (40,434)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

15. SEGMENT DISCLOSURE (continued)

	Capital Projects		Socio-Economic and Development		Health Care		KI Economic Development		Local Revenue	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues										
Federal Government										
ISC	\$ 857,531	\$ 1,920,536	\$ 50,000	\$ 67,750	\$ 16,850	\$ 13,069,305	\$ 158,779	\$ 112,700	\$ -	\$ -
Health Canada										
CMHC										
Canada Post Corporation										63,867
Other	42,000	30,581	598,438	575,234	732,417	479,762	-	-	5,468,202	7,946,023
Total revenue	899,531	1,951,117	648,438	642,984	13,818,572	11,765,472	158,779	112,700	5,468,202	8,009,890
Expenses										
Amortization										
Other	583,769	1,968,354	434,196	304,609	4,488,427	1,955,629	158,986	19,601	4,654,403	6,648,177
Salaries and benefits	298,865	449,120	357,211	260,823	3,668,841	1,969,293	-	101,464	66,378	717,370
Total expenses	882,634	2,417,474	791,407	565,432	8,157,268	3,924,922	158,986	121,065	4,720,781	7,365,547
Surplus (Deficit)	\$ 16,897	\$(466,357)	\$(142,969)	\$ 77,552	\$ 5,661,304	\$ 7,840,550	\$(207)	\$(8,365)	\$ 747,421	\$ 644,343

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019**15. SEGMENT DISCLOSURE (continued)**

	Equay Wuk Shelter		TOTAL	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues				
Federal Government				
ISC	\$ 853,306	\$ 853,306	\$ 12,935,780	\$ 11,724,631
Health Canada			13,559,929	11,285,710
CMHC			254,048	245,853
Canada Post Corporation				159,859
Other	405,087	229,369	10,643,193	12,541,847
Total revenue	1,258,393	1,082,675	37,392,950	35,957,900
Expenses				
Amortization	26,266	20,904	1,318,780	734,623
Other	390,399	290,040	19,760,460	17,048,304
Salaries and benefits	587,299	581,691	10,513,095	9,116,195
Total expenses	1,003,964	892,635	31,592,335	26,899,122
Surplus (Deficit)	\$ 254,429	\$ 190,040	\$ 5,800,615	\$ 9,058,778