
KITCHENUHMAYKOOSIB INNINUWUG
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

KITCHENUHMAYKOOSIB INNINUWUG

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MARCH 31, 2021

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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.

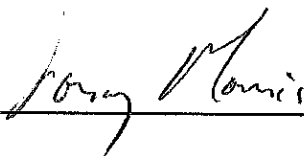
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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.

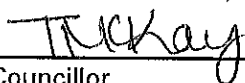
The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Kitchenuhmaykoosib Inninuwug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

Chief



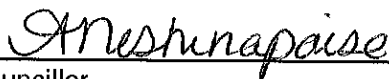
Councillor

Councillor



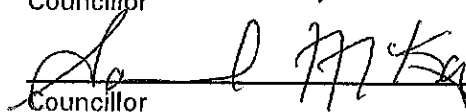
Councillor

Councillor



Councillor

Councillor



Councillor

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

INDEPENDENT AUDITOR'S REPORT

To the Chief, Council and Membership
Kitchenuhmaykoosib Inninuwug

Opinion

We have audited the accompanying consolidated financial statements of Kitchenuhmaykoosib Inninuwug, which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, consolidated statement of change in net assets 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Kitchenuhmaykoosib Inninuwug as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for 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 opinion.

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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

(continued....)

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

Auditor's 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:

- 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 Inninuwig'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 Inninuwig'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 Inninuwig 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
March 30, 2023

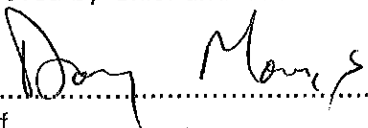


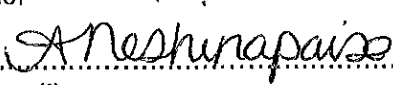
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

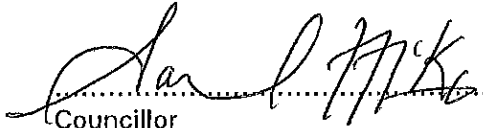
MARCH 31

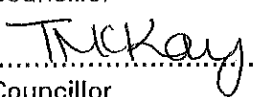
	2021	2020
FINANCIAL ASSETS		
Cash	\$ 33,034,434	\$ 23,915,622
Restricted cash (Note 2)	58,949	15,330
Account receivable (Note 3)	1,677,065	1,422,832
Investments (Note 4)	<u>4,654,948</u>	<u>3,886,295</u>
Total financial assets	<u>39,425,396</u>	<u>29,240,079</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	4,614,752	7,666,857
Deferred Revenue (Note 6)	31,594,606	16,542,634
Replacement reserve	407,587	370,122
Long-term debt (Note 7)	<u>2,884,314</u>	<u>3,179,733</u>
Total liabilities	<u>39,501,259</u>	<u>27,759,346</u>
Net assets (debt)	(<u>75,863</u>)	<u>1,480,733</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	53,261,440	47,607,398
Inventory	210,286	222,079
Prepaid expenses	<u>9,000</u>	<u>-</u>
Total non-financial assets	<u>53,480,726</u>	<u>47,829,477</u>
Accumulated surplus	\$ <u>53,404,863</u>	\$ <u>49,310,210</u>
Contingent liabilities (Note 10)		

Approved by Chief and Council


 Chief


 Councillor


 Councillor


 Councillor

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 1	2 0 2 0
REVENUE			
Indigenous Services Canada	\$	\$ 40,491,975	\$ 44,719,314
Health Canada		9,780,462	9,688,635
CMHC		3,313,231	250,952
Canada Post		578,229	495,660
Local revenue		46,664	207,320
Provincial government		692,684	538,688
Other revenue		10,272,721	8,869,948
Ontario First Nation (2008) LLP		1,442,032	1,492,925
Sioux Lookout Area Aboriginal Management Board		286,751	160,873
Deferred from prior year		16,542,634	7,337,422
Deferred to following year	-	(31,594,606)	(16,542,634)
	-	<u>51,852,777</u>	<u>57,219,103</u>
EXPENDITURES			
Band Support and Administration		14,056,518	6,533,777
Lands and Environment		395,127	401,308
Public Works		3,611,482	5,050,239
Education		8,365,043	6,766,239
Housing		1,230,329	510,903
Capital Projects		4,423,268	1,835,849
Social Economics and Development		1,461,062	886,358
Health Care		8,450,900	8,881,342
Economic Development		112,700	213,293
First Nation program		4,361,295	3,596,447
Equay Wuk Women's Shelter	-	<u>1,290,400</u>	<u>943,362</u>
	-	<u>47,758,124</u>	<u>35,619,117</u>
ANNUAL SURPLUS		4,094,653	21,599,986
ACCUMULATED SURPLUS, beginning of year	<u>49,310,210</u>	<u>49,310,210</u>	<u>27,710,224</u>
ACCUMULATED SURPLUS, end of year	\$ <u>49,310,210</u>	\$ <u>53,404,863</u>	\$ <u>49,310,210</u>

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 1	2 0 2 0
Annual surplus	\$ <u>-</u>	\$ <u>4,094,653</u>	\$ <u>21,599,986</u>
Acquisition of tangible capital assets and construction in progress		(<u>7,061,883</u>)	(<u>21,988,053</u>)
Disposition of capital assets		<u>10,800</u>	
Amortization of tangible capital assets	<u>-</u>	<u>1,397,041</u>	<u>1,338,453</u>
	<u>-</u>	(<u>5,654,042</u>)	(<u>20,649,600</u>)
Acquisition of fuel inventory		(<u>210,286</u>)	(<u>222,079</u>)
Acquisition of prepaid expenses		(<u>9,000</u>)	
Use of prepaid expenses			<u>202,200</u>
Use of fuel inventory	<u>-</u>	<u>222,079</u>	<u>122,798</u>
	<u>-</u>	<u>2,793</u>	<u>102,919</u>
CHANGE IN NET DEBT FOR YEAR		(<u>1,556,596</u>)	<u>1,053,305</u>
NET ASSETS, <i>beginning of year</i>	<u>1,480,733</u>	<u>1,480,733</u>	<u>427,428</u>
NET ASSETS (DEBT), <i>end of year</i>	\$ <u><u>1,480,733</u></u>	\$ (<u><u>75,863</u></u>)	\$ <u><u>1,480,733</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 1	2 0 2 0
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding and other sources	\$ 66,214,863	\$ 67,665,956
Cash paid to suppliers and employees	(49,372,930)	(29,627,245)
	<u>16,841,933</u>	<u>38,038,711</u>
<i>INVESTING ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	(7,061,883)	(21,988,053)
Proceeds from disposition of tangible capital assets	10,800	
Long-term investments	(333,000)	-
	<u>(7,384,083)</u>	<u>(21,988,053)</u>
<i>FINANCING ACTIVITY</i>		
Repayment of bank loan	(295,419)	(285,864)
	<u>(295,419)</u>	<u>(285,864)</u>
NET INCREASE IN CASH DURING YEAR	9,162,431	15,764,794
CASH, <i>beginning of year</i>	<u>23,930,952</u>	<u>8,166,158</u>
CASH, <i>end of year</i>	\$ <u>33,093,383</u>	\$ <u>23,930,952</u>
CASH COMPRISED OF		
Cash	33,034,434	23,915,622
Restricted cash	<u>58,949</u>	<u>15,330</u>
	\$ <u>33,093,383</u>	\$ <u>23,930,952</u>

KITCHENUHMAYKOOSIB INNINUWUG

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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 Inninuwig ("The Nation") reporting entity includes the Kitchenuhmaykoosib Inninuwig 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 Inninuwig Band
- Kitchenuhmaykoosib Inninuwig First Nation Program
- Kitchenuhmaykoosib Inninuwig 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. The financial information for these entities included in the financial statements is for the year ended December 31, 2020. 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.

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, 2021

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 ASSETS (DEBT)

The Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net assets (debt) of The Nation is determined by its liabilities less its financial assets. Net assets (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%
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.

REVENUE RECOGNITION

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, 2021

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 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, 2021

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, 2021, \$47,275 (2020 - \$3,877) had been deposited into separate accounts leaving an unfunded balance of \$410,002 (2020 - \$366,245)

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 2 1	2 0 2 0
CMHC Replacement Reserve account	\$ <u>47,275</u>	\$ <u>3,877</u>
Ottawa Trust Fund		
Balance, beginning of year	11,453	11,227
Interest	<u>221</u>	<u>226</u>
Balance, end of year	<u>11,674</u>	<u>11,453</u>
	\$ <u>58,949</u>	\$ <u>15,330</u>

3. ACCOUNTS RECEIVABLE

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
Fire Protection	\$	\$ 65,319
Planning Design and Construction	105,825	20,197
Capacity Innovation Housing	44,389	40,354
Plan/Risk Management Gov Cap Development	75,000	
Construction	36,318	
Municipal Services	30,000	
FNWWAP Water > \$1.5M	30,000	
Community Based Initiative		200,000
Response		<u>240,000</u>
Subtotal	321,532	565,870
Health Canada	244,200	56,498
Other sources	<u>1,111,333</u>	<u>800,464</u>
	\$ <u>1,677,065</u>	\$ <u>1,422,832</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

4. INVESTMENTS

	2 0 2 1	2 0 2 0
Wasaya Group of Companies	\$ 4,321,948	\$ 3,886,295
AVID FN Motel One LP	<u>333,000</u>	<u>-</u>
	<u>\$ 4,654,948</u>	<u>\$ 3,886,295</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 1	2 0 2 0
CMHC accountable advance	\$ 526,000	\$ 526,000
Trade and other payables	<u>4,088,752</u>	<u>7,140,857</u>
	<u>\$ 4,614,752</u>	<u>\$ 7,666,857</u>

During the year CMHC approved a loan for an amount of \$1,052,000 for the construction of a 4 unit housing project. As per the term of the loan, CMHC has released \$526,000 as at year end March 31, 2020 as half advance payment. The remaining balance will be released upon receiving ministerial guarantee. As per CMHC, the total loan amount has not been fully released and is not under repayment as at March 31, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

6. DEFERRED REVENUE

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
Capital School Construction	\$ 21,440,891	\$ 11,956,669
Education Consolidation Funding	747,031	
COVID-19 Emergency Fund	252,927	77,440
KI CFS Law	228,496	
Water System	570,154	
FN-School Emergencies COVID-19	198,184	
Teacherage Operation & Maintenance	133,572	
Winter Road	26,319	
Income Assistance Service Delivery	95,221	100,000
Vulnerable Systems	101,836	306,836
Road and Bridges	15,259	
C & F Advocacy Band Rep	1,041,253	90,901
PLN/RSK MGMT	75,000	
Wastewater System O&M	880,318	144,939
Wastewater Contribution	119,000	119,000
Q38L-003-Planning Design & Construction (Year 003)	591,637	725,000
FNWWAP Wastewater > \$1.5M	150,000	150,000
Q34X-001-A&C Water < \$1.5M (Year 003)	108,395	236,061
Q34X-002-A&C Water < \$1.5M (Year 003)	462,355	205,000
Q351-001-A&C Wastewater < \$1.5M (Year 003)	<u>370,472</u>	<u>220,173</u>
	<u>27,608,320</u>	<u>14,332,019</u>
Health Canada		
Nursing Station Project	149,544	224,639
Allied funding		21,541
Jordan's Principal Suicide Prevention	127,870	364,133
Jordan's Principal - Special Needs	105,586	105,584
Safe House	561,609	464,864
Community Facilities O&M	13,224	
Building Healthy Community	9,442	
Brighter Future	29,246	
Aboriginal Diabetes	33,726	
Healthy Child Development	1,020	
NNADAP	15,897	
Jordon's Principal - Service Coordination	46,600	
Home and Community Care	8,352	
Communicable Disease Control	<u>31,969</u>	<u>-</u>
	<u>1,134,085</u>	<u>1,180,761</u>
Other Programs		
IPA Watershed - Metcalf	28,819	23,049
IPA Watershed - ECCC	129,750	139,063
COVID-19 Emergency Fund		700,000
Revitalization of Indigenous legal system	44,319	48,219
KI Permits	14,098	40,985
MCCSS -Crisis Team		14,465
MCCSS -AHBHC	48,242	22,362
KI CFS Law		41,711

(continues)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

6. DEFERRED REVENUE *(continued)*

	2 0 2 1	2 0 2 0
KI Rapid Housing program	2,279,138	
KI Lands Watay TKG	24,828	
IPA Watershed - IBCC	85,000	
Health and long term care	107,449	
SLAAMB Harvest Program	9,404	
KI Policing Infrastructure Project	53,199	
SLAAMB	13,642	
Journey Together	14,313	-
	<u>2,852,201</u>	<u>1,029,854</u>
	<u>\$ 31,594,606</u>	<u>\$ 16,542,634</u>

7. LONG-TERM DEBT

	2 0 2 1	2 0 2 0
John Deere Financial, 2.90%, repayable in monthly installments of \$4,826 (including Interest), secured by equipment purchased, due March 2023.	\$ 112,643	\$ 166,390
John Deere Financial, repayable in monthly installments of \$7,179 (including Interest) due March 2023.	163,263	239,150
C.M.H.C. mortgage, 1.87%, repayable in monthly installments of \$3,049 (including Interest), due March 2029, secured by Ministerial Guarantee.	271,781	303,004
C.M.H.C. mortgage, 2.49%, repayable in monthly installments of \$2,352 (including Interest), due January 2033, secured by Ministerial Guarantee.	289,212	310,005
C.M.H.C. mortgage, 1.69%, repayable in monthly installments of \$6,791 (including Interest), due August 2039, secured by Ministerial Guarantee.	1,289,534	1,348,815
C.M.H.C. mortgage, 2.49%, repayable in monthly installments of \$6,163 (including Interest), due January 2033 secured by Ministerial Guarantee and assignment of fire insurance.	<u>757,881</u>	<u>812,369</u>
	<u>\$ 2,884,314</u>	<u>\$ 3,179,733</u>

The scheduled principal amounts payable within the next five years to meet retirement provisions, assuming long-term debt subject to refinancing is reviewed are estimated to be as follows:

March 31, 2022	\$ 310,446
2023	306,604
2024	176,385
2025	179,844
2026	183,645
Thereafter	<u>1,727,390</u>
	<u>\$ 2,884,314</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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
									2 0 2 1	2 0 2 0
Construction in progress (Note 9)	\$ 18,038,844	\$ 5,981,183	\$	\$ 24,020,027	\$	\$	\$	\$	\$ 24,020,027	\$ 18,038,844
Infrastructure	35,728,791			35,728,791	11,921,817	759,618		12,681,435	23,047,356	23,806,974
Buildings	473,803			473,803	56,377	5,541		61,918	411,885	417,426
Housing	5,825,321			5,825,321	2,963,955	165,785		3,129,740	2,695,581	2,861,366
Equipment	3,099,373	876,584	-	3,975,957	1,745,255	298,275	-	2,043,530	1,932,427	1,354,118
Vehicles	3,098,501	204,116	13,500	3,289,117	1,969,831	167,822	2,700	2,134,953	1,154,164	1,128,670
	<u>\$ 66,264,633</u>	<u>\$ 7,061,883</u>	<u>\$ 13,500</u>	<u>\$ 73,313,016</u>	<u>\$ 18,657,235</u>	<u>\$ 1,397,041</u>	<u>\$ 2,700</u>	<u>\$ 20,051,576</u>	<u>\$ 53,261,440</u>	<u>\$ 47,607,398</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

9. CONSTRUCTION IN PROGRESS

	2021	2020
Nursing station project	\$ 75,095	\$
Housing project	1,033,653	
School project	<u>22,911,279</u>	<u>18,038,844</u>
	<u>\$ 24,020,027</u>	<u>\$ 18,038,844</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

	2021	2020
Agreement: #1718-ON-000029	\$ <u>50,272,437</u>	\$ <u>54,407,949</u>

REVENUE AS PER STATEMENT OF OPERATION (Statement 2)

Indigenous Service Canada	\$ 40,491,975	\$ 44,719,314
Health Canada	\$ <u>9,780,462</u>	\$ <u>9,688,635</u>
	<u>\$ 50,272,437</u>	<u>\$ 54,407,949</u>

12. ECONOMIC DEPENDENCE

The Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

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, 2021

14. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 1	2 0 2 0
Administration	\$ 2,101,043	\$ 1,395,381
Amortization	1,397,041	1,338,453
Bad Debts	1,401,900	
Bank Charges	23,608	19,729
Contributions	2,344,027	856,070
Income Assistance	129,657	
Office	1,741,099	1,322,118
Professional Fees	4,210,758	2,864,172
Program Costs	12,806,900	8,408,811
Rent	110,337	93,767
Repairs and Maintenance	1,554,052	1,254,090
Salaries	14,269,468	12,238,908
Travel	3,264,420	4,060,057
Utilities	1,907,708	1,360,462
Training	<u>496,106</u>	<u>407,099</u>
	<u>\$ 47,758,124</u>	<u>\$ 35,619,117</u>

15. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, increased or reduced funding availability, increased or decreased demand for services, increased government regulations or interventions, all of which may negatively impact the financial conditions or results of operations of the Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

16. BUDGET

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses based on the original approved budget. Hollow Water First Nation prepared a budget for the year ended March 31, 2021 for the departments related to Indigenous Services Funding, however, we have not been provided the budgeted information. The consolidated budget revenue and expenses, and surplus have not been reported in these consolidated financial statements. There are no effect on the reported revenue, expenses and surplus, however, the omission of this information is considered a departure from PSA standards.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

17. 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 Administration		Lands and Environment		Public Works		Education		Housing	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues										
Federal Government										
ISC	\$ 8,367,587	\$ 3,214,234	\$	\$ 100,000	\$ 4,168,942	\$ 3,935,914	\$ 9,046,013	\$ 7,658,263	\$	
Health Canada	1,445,269	681,000					405,380			
CMHC									3,563,216	250,952
Canada Post Corporation	95,574	7,500								
Other	3,676,252	3,496,286	453,297	587,764	830,299	1,010,034	607,605	401,429	394,689	444,732
Deferred from prior year	889,882		351,313	77,726	925,173	215,617				
Deferred to next year	(1,314,440)	(889,882)	(422,034)	(351,313)	(2,552,272)	(925,173)	(1,078,787)	-	(2,279,138)	-
Total revenue	<u>13,160,124</u>	<u>6,509,138</u>	<u>382,576</u>	<u>414,177</u>	<u>3,372,142</u>	<u>4,236,392</u>	<u>8,980,211</u>	<u>8,059,692</u>	<u>1,678,767</u>	<u>695,684</u>
Expenses										
Amortization	1,204,989	1,150,600							165,786	161,587
Debt servicing									106,456	
Other	10,026,851	3,884,029	174,625	244,437	2,333,653	3,354,503	4,030,825	3,050,617	904,360	349,316
Salaries and benefits	<u>2,824,678</u>	<u>1,499,148</u>	<u>220,502</u>	<u>156,871</u>	<u>1,277,829</u>	<u>1,695,736</u>	<u>4,334,218</u>	<u>3,715,622</u>	<u>53,727</u>	<u>-</u>
Total expenses	<u>14,056,518</u>	<u>6,533,777</u>	<u>395,127</u>	<u>401,308</u>	<u>3,611,482</u>	<u>5,050,239</u>	<u>8,365,043</u>	<u>6,766,239</u>	<u>1,230,329</u>	<u>510,903</u>
Surplus (Deficit)	<u>\$(896,394)</u>	<u>\$(24,639)</u>	<u>\$(12,551)</u>	<u>\$ 12,869</u>	<u>\$(239,340)</u>	<u>\$(813,847)</u>	<u>\$ 615,168</u>	<u>\$ 1,293,453</u>	<u>\$ 448,438</u>	<u>\$ 184,781</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
17. SEGMENT DISCLOSURE (continued)

	Capital Projects		Socio-Economic and Development		Health Care		KI Economic Development		Local Revenue	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues										
Federal Government										
ISC	\$ 17,124,693	\$ 28,744,303	\$	\$	8,221	\$	112,700	\$ 213,293	\$ 346,061	\$
Health Canada			335,544		7,594,269	9,007,635				
CMHC										
Canada Post Corporation									482,656	488,160
Other		197,793	1,173,478	717,938	903,221	1,023,980			3,959,683	3,057,045
Deferred from prior year	13,138,505	3,992,759			1,196,050	3,051,320			41,711	
Deferred to next year	(22,359,364)	(13,138,505)	(55,649)	-	(1,304,426)	(1,196,050)	-	-	(228,496)	(41,711)
Total revenue	<u>7,903,834</u>	<u>19,796,350</u>	<u>1,453,373</u>	<u>717,938</u>	<u>8,397,335</u>	<u>11,886,885</u>	<u>112,700</u>	<u>213,293</u>	<u>4,601,615</u>	<u>3,503,494</u>
Expenses										
Amortization										
Debt servicing									1,279,778	
Other	3,944,175	1,731,659	933,146	463,392	4,546,329	4,955,358	112,700	213,293	3,062,254	3,460,257
Salaries and benefits	<u>479,093</u>	<u>104,190</u>	<u>527,916</u>	<u>422,966</u>	<u>3,904,571</u>	<u>3,925,984</u>	-		<u>19,263</u>	<u>136,190</u>
Total expenses	<u>4,423,268</u>	<u>1,835,849</u>	<u>1,461,062</u>	<u>886,358</u>	<u>8,450,900</u>	<u>8,881,342</u>	<u>112,700</u>	<u>213,293</u>	<u>4,361,295</u>	<u>3,596,447</u>
Surplus (Deficit)	\$ <u>3,480,566</u>	\$ <u>17,960,501</u>	\$ <u>(7,689)</u>	\$ <u>(168,420)</u>	\$ <u>(53,565)</u>	\$ <u>3,005,543</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>240,320</u>	\$ <u>(92,953)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021
17. SEGMENT DISCLOSURE (continued)

	Equay Wuk Women's Shelter		TOTAL	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues				
Federal Government				
ISC	\$ 1,317,758	\$ 853,306	\$ 40,491,975	\$ 44,719,316
Health Canada			9,780,462	9,688,635
CMHC			3,563,216	250,952
Canada Post Corporation			578,230	495,660
Other	492,342	332,754	12,490,866	11,269,755
Deferred from prior year			16,542,634	7,337,422
Deferred to next year	-	-	(31,594,606)	(16,542,634)
Total revenue	<u>1,810,100</u>	<u>1,186,060</u>	<u>51,852,777</u>	<u>57,219,103</u>
Expenses				
Amortization	26,266	26,266	1,397,041	1,338,453
Debt servicing	15,665		1,401,899	
Other	620,798	334,895	30,689,716	22,041,756
Salaries and benefits	<u>627,671</u>	<u>582,201</u>	<u>14,269,468</u>	<u>12,238,908</u>
Total expenses	<u>1,290,400</u>	<u>943,362</u>	<u>47,758,124</u>	<u>35,619,117</u>
Surplus (Deficit)	\$ <u>519,700</u>	\$ <u>242,698</u>	\$ <u>4,094,653</u>	\$ <u>21,599,986</u>