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KITCHENUHMAKOOOSIB INNINUWUG  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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# KITCHENUHMAKOOSIB 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 Innuuwug 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.

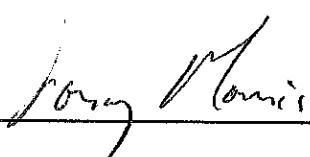
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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.

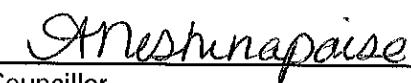
The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Kitchenuhmaykoosib Innuuwug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

Chief



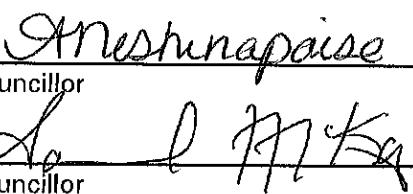
Councillor

Councillor



Councillor

Councillor



Councillor

Councillor



Councillor

## **INDEPENDENT AUDITOR'S REPORT**

To the Chief, Council and Membership  
Kitchenuhmaykoosib Innuuwug

### **Opinion**

We have audited the accompanying consolidated financial statements of Kitchenuhmaykoosib Innuuwug, 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 Innuuwug 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 Innuuwug 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 Innuuwug'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 Innuuwug or to cease operations, or has no realistic alternative but to do so.

*(continued.....)*

Those charged with governance are responsible for overseeing Kitchenuhmaykoosib Inninuwug'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 Inninuwug'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 Inninuwug'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 Inninuwug 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

 **bakertilly**

# KITCHENUHMAKOOSIB INNINUWUG

**STATEMENT 1**

## **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>  |
| <b>Total financial assets</b> | <b>39,425,396</b> | <b>29,240,079</b> |

## LIABILITIES

|  |                   |                   |
|--|-------------------|-------------------|
| Accounts payable and accrued liabilities <i>(Note 5)</i> | 4,614,752         | 7,666,857         |
| Deferred Revenue <i>(Note 6)</i>                         | 31,594,606        | 16,542,634        |
| Replacement reserve                                      | 407,587           | 370,122           |
| Long-term debt <i>(Note 7)</i>                           | <u>2,884,314</u>  | <u>3,179,733</u>  |
| <br>Total liabilities                                    | <u>39,501,259</u> | <u>27,759,346</u> |
| <br>Net assets (debt)                                    | ( 75,863)         | 1,480,733         |

#### NON-FINANCIAL ASSETS

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| Tangible capital assets <i>(Note 8)</i>     | <u>53,261,440</u>           | 47,607,398                  |
| Inventory                                   | <u>210,286</u>              | 222,079                     |
| Prepaid expenses                            | <u>9,000</u>                | -                           |
| <br>Total non-financial assets              | <u><u>53,480,726</u></u>    | <u><u>47,829,477</u></u>    |
| <br>Accumulated surplus                     | <u><u>\$ 53,404,863</u></u> | <u><u>\$ 49,310,210</u></u> |
| <br>Contingent liabilities <i>(Note 10)</i> |                             |                             |

#### Contingent liabilities (Note 10)

Approved by Chief and Council

Don Morris

Chief A Neshinapaiso  
Councillor

  
Sam Smith  
Councillor

Tracy  
Councillor

# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

|   | BUDGET<br>(UNAUDITED) | 2021                 | 2020                 |
|---|-----------------------|----------------------|----------------------|
| <b>REVENUE</b>                                    |                       |                      |                      |
| 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<br>Board | 286,751               | 160,873              |                      |
| Deferred from prior year                          | 16,542,634            | 7,337,422            |                      |
| Deferred to following year                        | <u>(31,594,606)</u>   | <u>(16,542,634)</u>  |                      |
|   | <u>51,852,777</u>     | <u>57,219,103</u>    |                      |
| <b>EXPENDITURES</b>                               |                       |                      |                      |
| 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>-</u>              | <u>1,290,400</u>     | <u>943,362</u>       |
|   | <u>-</u>              | <u>47,758,124</u>    | <u>35,619,117</u>    |
| <b>ANNUAL SURPLUS</b>                             |                       |                      |                      |
|   | 4,094,653             | 21,599,986           |                      |
| ACCUMULATED SURPLUS, <i>beginning of year</i>     | <u>49,310,210</u>     | <u>49,310,210</u>    | <u>27,710,224</u>    |
| ACCUMULATED SURPLUS, <i>end of year</i>           | <u>\$ 49,310,210</u>  | <u>\$ 53,404,863</u> | <u>\$ 49,310,210</u> |

# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

|  | BUDGET<br>(UNAUDITED) | 2021                 | 2020                  |
|--|-----------------------|----------------------|-----------------------|
| Annual surplus   | \$ _____ -            | \$ <u>4,094,653</u>  | \$ <u>21,599,986</u>  |
| Acquisition of tangible capital assets<br>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>\$ 1,480,733</u>   | <u>\$ ( 75,863)</u>  | <u>\$ 1,480,733</u>   |

# KITCHENUHMAKOOSIB INNINUWUG

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

|   | 2021                 | 2020                 |
|---|----------------------|----------------------|
| <b>CASH FLOW FROM</b>   |                      |                      |
| <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> |
| <b>CASH COMPRISED OF</b>  |                      |                      |
| 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> |

# KITCHENUHMAKOOSIB 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 Innnuwug ("The Nation") reporting entity includes the Kitchenuhmaykoosib Innnuwug 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 Innnuwug Band
- Kitchenuhmaykoosib Innnuwug First Nation Program
- Kitchenuhmaykoosib Innnuwug 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.

***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, 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                                 | <u>321,532</u>      | <u>565,870</u>      |
| 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>\$ 4,654,948</u></u> | <u><u>\$ 3,886,295</u></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><u>\$ 4,614,752</u></u> | <u><u>\$ 7,666,857</u></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)        | 370,472           | 220,173           |
|  | <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                       | 31,969            | -                 |
|  | <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, 20216. 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 Infrastrucutre Project | 53,199               |                      |
| SLAAMB                             | 13,642               |                      |
| Journey Together                   | <u>14,313</u>        | -                    |
|                                    | <u>2,852,201</u>     | 1,029,854            |
|                                    | <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>      | 812,369             |
|  | <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 a 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,<br>Write-offs &<br>Adjustments | Closing Balance | Opening Balance          | Amortization | Disposals,<br>Write-offs &<br>Adjustments | Closing Balance | Total          | Total         |
|   |                 |              |   |                 |                          |              |   |                 | 2021           | 2020          |
| Construction in progress<br><i>(Note 9)</i> | \$ 18,038,844   | \$ 5,981,183 | \$ 24,020,027                             | \$ 35,728,791   | \$ 11,921,817            | \$ 759,618   | \$ 12,681,435                             | \$ 24,020,027   | \$ 23,047,356  | \$ 18,038,844 |
| Infrastructure                              | 35,728,791      |              |   | 473,803         | 56,377                   | 5,541        | 61,918                                    | 23,806,974      | 411,885        | 417,426       |
| Buildings                                   | 473,803         |              |   | 5,825,321       | 2,963,955                | 165,785      | 3,129,740                                 | 2,695,581       | 2,861,366      |               |
| Housing                                     | 5,825,321       |              |   | Equipment       | 1,745,255                | 298,275      | -   | 2,043,530       | 1,932,427      | 1,354,118     |
| Equipment                                   | 3,099,373       | 876,584      | -   | 3,975,957       | 1,969,831                | 167,822      | 2,700                                     | 2,134,953       | 1,154,164      | 1,128,670     |
| Vehicles                                    | 3,098,501       | 204,116      | 13,500                                    | 3,289,117       |                          |              |   |                 |                |               |
|   | \$ 66,264,633   | \$ 7,061,883 | \$ 13,500                                 | \$ 73,313,016   | \$ 18,657,235            | \$ 1,397,041 | \$ 2,700                                  | \$ 20,051,576   | \$ 53,261,440  | \$ 47,607,398 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

## 9. CONSTRUCTION IN PROGRESS

|                         | 2 0 2 1              | 2 0 2 0              |
|-------------------------|----------------------|----------------------|
| 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

|                            | 2 0 2 1              | 2 0 2 0              |
|----------------------------|----------------------|----------------------|
| 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           |                   |
|--------------------------|---------------------------------|--------------------|-----------------------|------------------|---------------------|---------------------|-------------------|---------------------|-------------------|-------------------|
|                          | 2021                            | 2020               | 2021                  | 2020             | 2021                | 2020                | 2021              | 2020                | 2021              | 2020              |
| <b>Revenues</b>          |                                 |                    |                       |                  |                     |                     |                   |                     |                   |                   |
| 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              | 453,297               | 587,764          | 830,299             | 1,010,034           | 607,605           | 401,429             | 394,689           | 444,732           |
| Other                    | 3,676,252                       | 3,496,286          | 351,313               | 77,726           | 925,173             | 215,617             |                   |                     |                   |                   |
| Deferred from prior year | 889,882                         |                    |                       |                  |                     |                     |                   |                     |                   |                   |
| 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>    |
| <b>Expenses</b>          |                                 |                    |                       |                  |                     |                     |                   |                     |                   |                   |
| 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>        |
| <b>Revenues</b>          |                     |                      |                                |                     |                    |                     |                         |                |                   |                    |
| Federal Government       |                     |                      |                                |                     |                    |                     |                         |                |                   |                    |
| ISC                      | \$ 17,124,693       | \$ 28,744,303        | \$ 335,544                     |                     | \$ 8,221           | \$ 7,594,269        | \$ 112,700              | \$ 213,293     | \$ 346,061        | \$                 |
| Health Canada            |                     |                      |                                |                     |                    |                     |                         |                |                   |                    |
| 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>   |
| <b>Expenses</b>          |                     |                      |                                |                     |                    |                     |                         |                |                   |                    |
| Amortization             |                     |                      |                                |                     |                    |                     |                         |                |                   |                    |
| Debt servicing           |                     |                      |                                |                     |                    |                     |                         |                |                   |                    |
| 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>-</u>                | <u>-</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, 202117. 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> |