

Kingfisher Lake First Nation
Consolidated Financial Statements
For the year ended March 31, 2019

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Kingfisher Lake First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2019

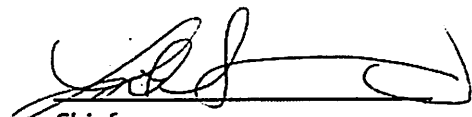
The accompanying consolidated financial statements of Kingfisher Lake First Nation are the responsibility of management and have been approved by the Chief and Council.

These 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. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. BDO Canada LLP have access to financial management of Kingfisher Lake First Nation and meet when required.

On behalf of Kingfisher Lake First Nation:



Chief



Councillor

Independent Auditor's Report

To the Members of Kingfisher Lake First Nation

Opinion

We have audited the consolidated financial statements of Kingfisher Lake First Nation and its subsidiaries (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net debt and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019 and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Significant Accounting Policies included in Note 1 to the consolidated financial statements describe the tangible capital asset policy with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of financial statement preparation, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets as disclosed in Note 12. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the year ended March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We did not observe the taking of physical inventories at March 31, 2019, nor were we able to satisfy ourselves concerning those inventory quantities by alternative means. Since closing inventories enter into determination of results of operations and cash flows, we were unable to determine whether any adjustments might be necessary to expenses, annual surplus and cash flows from operations for the year ended March 31, 2019 and 2018, and assets and accumulated surplus as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

The consolidated financial statements include investments in various entities accounted for using the modified equity method as described in Note 6 to the financial statements. We were unable to obtain information on the balances of these investments, and were unable to verify their classification under Canadian public sector accounting standards. The financial information for the majority of these investments has not been audited and summary financial information has not been provided in the notes to these consolidated financial statements as required by Canadian public sector accounting standards. As a result, we are unable to determine the potential impact on the revenue, expenses and annual surplus for the years ended March 31, 2019 and 2018, the assets and liabilities at March 31, 2019 and 2018, and accumulated surplus at April 1 and March 31 for both the 2019 and 2018 year ends. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

Independent Auditor's Report (cont'd)

The First Nation derives revenue from the operation of gaming services. We were unable to obtain satisfactory audit evidence over the accuracy of gaming revenues and expenses due to the lack of controls over gaming related cash receipts and disbursements. Accordingly, we were not able to determine whether any adjustments might be necessary to gaming revenues and expenses, annual surplus and cash flows from operations for the year ended March 31, 2019 and 2018, and assets and accumulated surplus as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

The First Nation has not included disclosure of budget information as required by Canadian public sector accounting standards because consolidated budgets were not prepared. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 the First Nation'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 the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

Independent Auditor's Report (cont'd)

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 consolidated 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 the First Nation'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 the First Nation'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 consolidated 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 the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

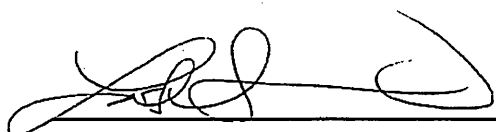
Chartered Professional Accountants, Licensed Public Accountants

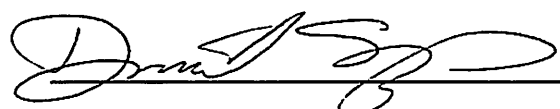
Thunder Bay, Ontario
November 18, 2020

Kingfisher Lake First Nation Consolidated Statement of Financial Position

March 31	2019	2018
Financial assets		
Cash	\$ 630,546	\$ 1,210,757
Accounts receivable (Note 2)	185,454	144,539
Due from government and government organizations (Note 3)	1,168,986	413,641
Trust funds held by federal government (Note 4)	52,015	50,831
Advances to related First Nation entities (Note 5)	879,785	776,159
Investments (Note 6)	1,887,408	1,583,266
Long-term loans receivable (Note 7)	393,916	1,232,494
	<u>5,198,110</u>	<u>5,411,687</u>
Liabilities		
Bank indebtedness (Note 8)	270,000	250,000
Accounts payable and accrued liabilities (Note 9)	2,795,910	2,939,054
Deferred revenue (Note 10)	3,181,598	1,528,299
Long term debt (Note 11)	965,523	1,282,797
	<u>7,213,031</u>	<u>6,000,150</u>
Net debt	<u>(2,014,921)</u>	<u>(588,463)</u>
Non-financial assets		
Tangible capital assets (Note 12)	14,095,824	14,952,644
Inventories held for sale	389,448	90,000
Prepaid expenses	-	45,838
	<u>14,485,272</u>	<u>15,088,482</u>
Accumulated surplus	<u>\$12,470,351</u>	<u>\$ 14,500,019</u>

On behalf of the Band:

 Chief

 Councillor

Kingfisher Lake First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2019	2018
Revenue		
Federal government transfers (Note 10)	\$ 8,685,114	\$ 10,570,120
Provincial government transfers (Note 10)	1,644,256	1,356,416
Ontario First Nation Limited Partnership	1,238,925	1,067,798
Musselwhite Mine	800,320	1,210,424
Gaming	100,160	172,862
Postal service fees	457,966	533,542
Other	732,685	1,156,410
	<u>13,659,426</u>	<u>16,067,572</u>
Expenses		
Band Management	2,340,043	1,167,822
Economic Development	18,807	96,735
Education	1,383,575	1,306,536
Social Services	1,035,252	951,674
Municipal Services	1,841,867	2,679,866
Health	2,920,415	2,835,933
Capital	964,720	1,599,865
Other Programs	4,798,491	5,395,688
Senior Citizens Complex	293,832	188,357
Housing Authority	92,092	122,825
	<u>15,689,094</u>	<u>16,345,301</u>
Annual deficit	<u>(2,029,668)</u>	<u>(277,729)</u>
Accumulated surplus, beginning of year	14,500,019	14,777,748
Accumulated surplus, end of year	<u>\$ 12,470,351</u>	<u>\$ 14,500,019</u>

The accompanying notes are an integral part of these consolidated financial statements.

Kingfisher Lake First Nation Consolidated Statement of Changes in Net Debt

For the year ended March 31	2019	2018
Annual deficit	\$ (2,029,668)	\$ (277,729)
Acquisition of tangible capital assets	(732,544)	(2,730,550)
Amortization of tangible capital assets	1,589,364	1,549,541
Inventories held for sale	(299,448)	-
Prepaid expenses	45,838	(45,838)
Net change in net financial assets (debt)	(1,426,458)	(1,504,576)
Net financial assets (debt), beginning of year	(588,463)	916,113
Net debt, end of year	\$ (2,014,921)	\$ (588,463)

The accompanying notes are an integral part of these consolidated financial statements.

Kingfisher Lake First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2019	2018
Cash used in operating activities		
Annual deficit	\$ (2,029,668)	\$ (277,729)
Items not involving cash:		
Amortization	1,589,364	1,549,541
ISC trust fund income	(1,184)	(907)
Write down of long-term loan receivable	850,000	-
	<u>408,512</u>	<u>1,270,905</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(40,915)	(104,277)
Due from government and government organizations	(755,345)	881,908
Prepaid expenses	45,838	(45,838)
Accounts payable and accrued liabilities	(143,144)	1,201,204
Deferred revenue	1,653,299	(98,425)
Inventories held for sale	(299,448)	-
Advances to related entities	(103,626)	(5,828)
	<u>765,171</u>	<u>3,099,649</u>
Financing activities		
Repayment of long-term debt	(317,274)	(1,414,193)
Advances (repayments) of bank indebtedness	20,000	(20,000)
	<u>(297,274)</u>	<u>(1,434,193)</u>
Investment activities		
Investments	(304,142)	(317,251)
Long term loans receivable - advances	-	1,000,000
Long term loans receivable - repayments	(11,422)	(31,519)
	<u>(315,564)</u>	<u>651,230</u>
Capital transactions		
Purchase of tangible capital assets	(732,544)	(2,730,550)
Net decrease in cash during the year	(580,211)	(413,864)
Cash, beginning of year	1,210,757	1,624,621
Cash, end of year	\$ 630,546	\$ 1,210,757

The accompanying notes are an integral part of these consolidated financial statements.

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies

Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.														
Reporting Entity	The Kingfisher Lake First Nation reporting entity includes the Kingfisher Lake First Nation government and all related entities that are controlled by the First Nation.														
Principles of Consolidation	<p>All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Under the modified equity method of accounting, only Kingfisher Lake First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Kingfisher Lake First Nation and inter-organizational balances and transactions are not eliminated.</p>														
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts.														
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.</p> <p>Amortization is provided for on a straight line basis as follows:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Band housing</td><td>15 years</td></tr> <tr> <td>CMHC housing</td><td>15 years</td></tr> <tr> <td>Public buildings</td><td>10-15 years</td></tr> <tr> <td>Vehicles</td><td>3-5 years</td></tr> <tr> <td>Equipment</td><td>3-10 years</td></tr> <tr> <td>Infrastructure</td><td>10-15 years</td></tr> <tr> <td>Heavy equipment</td><td>5 years</td></tr> </table>	Band housing	15 years	CMHC housing	15 years	Public buildings	10-15 years	Vehicles	3-5 years	Equipment	3-10 years	Infrastructure	10-15 years	Heavy equipment	5 years
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Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies (cont'd)

Contributed capital assets are recorded into revenues at their fair value on the date of contribution, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the assets are available for productive use.

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies (cont'd)

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these financial statements are the useful lives of tangible capital assets, the amounts payable to funders, and the accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contaminated Sites

A liability for contaminated sites is recognized on properties not in productive use when all of the following criteria have been met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the First Nation is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

The First Nation has evaluated all of its properties and has determined that there are no properties that meet the above criteria and therefore no liability has been accrued.

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

2. Accounts Receivables

	2019	2018
Trade and other receivables (by program):		
Administration:		
General receivables	\$ 357,906	\$ 306,896
Garage	110,165	110,165
Less allowance for doubtful accounts	(293,257)	(292,565)
	<u>174,814</u>	<u>124,496</u>
CMHC:		
General receivables	53,556	42,641
Less allowance for doubtful accounts	(49,591)	(36,098)
	<u>3,965</u>	<u>6,543</u>
Senior's Complex:		
First Nation members	81,426	74,876
Less allowance for doubtful accounts	(74,751)	(61,376)
	<u>6,675</u>	<u>13,500</u>
	<u>\$ 185,454</u>	<u>\$ 144,539</u>

3. Due from Government and Government Organizations

	2019	2018
Federal government		
Indigenous Services Canada	\$ 979,313	\$ 186,056
Canada Mortgage and Housing Corporation	33,049	33,049
Health Canada	44,030	-
Provincial government		
Ministry of Natural Resources	1,500	-
Ministry of Northern Development and Mines	-	69,940
Ministry of Transportation	85,605	30,511
Other		
Kwayaciiwin Education Resource Centre	20,798	20,798
Nishnawbe Aski Nation	58,070	118,596
Other	20,879	19,879
	<u>1,243,244</u>	<u>478,829</u>
Less allowance for doubtful accounts	(74,258)	(65,188)
	<u>\$ 1,168,986</u>	<u>\$ 413,641</u>

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

4. Trust Funds Held by Federal Government

	March 31, 2018	Additions 2019	Withdrawals 2019	March 31, 2019
Indigenous Services Canada	\$ 50,831	\$ 1,184	\$ -	\$ 52,015

The trust funds arise 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. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

Trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

5. Advances to Related First Nation Entities

Loans were advanced to (from) the following related First Nation entities unsecured and due on demand without interest:

	2019	2018
Okeskemaneesee Construction Ltd.	\$ 1,022,143	\$ 1,019,143
Kingfisher Social-Economic Development Corporation	463,715	449,259
1103462 Ontario Ltd.	(640,346)	(640,346)
Omahamo Holdings Ltd.	34,273	(51,897)
	<u>\$ 879,785</u>	<u>\$ 776,159</u>

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

6. Investments

Included in investments are the following:

	2019	2018
Wholly-owned Government Business Enterprises:		
Kingfisher Lake Social-Economic Development Corporation	\$ 1,881,020	\$ 1,881,020
Various Investments		
1103462 Ontario Ltd.	202,371	202,371
1353428 Ontario Ltd. - 50%	125,554	115,540
2061842 Ontario Ltd. - 50%	105,800	107,513
2317186 Ontario Ltd. - 50%	52,909	(48,370)
2317365 Ontario Ltd. - 50%	(930,003)	(676,683)
Asheweig Winter Roads Corporation - 50%	148,072	23,778
BBH General Partner Ltd. - 50%	(62,826)	(66,987)
BBH Leasing Ltd. - 50%	(32,775)	(29,479)
BBH Limited Partnership - 50%	873,501	613,595
Landmark Inn Leasing - 11.11%	(20,627)	(32,043)
Landmark Inn - 11.11%	360,256	315,801
Myguard Security Group LP - 22%	55,852	48,906
Okeskemansee Construction Ltd.	(857,443)	(857,443)
Omahamo Holdings Ltd.	(14,284)	(14,284)
SIF #2 Limited Partner - 15%	30	30
Wasaya Airways Ltd.	1	1
	6,388	(297,754)
	\$ 1,887,408	\$ 1,583,266

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

6. Investments (cont'd)

Landmark Inn Leasing Corporation has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- As of June 30, 2018 (its most recent available year end statements), Landmark Inn Leasing Corporation had a long-term debt due to Nexus Community Credit Union of \$3,694,673 (2017 - \$4,298,168), payable in monthly installments of \$39,235 including interest at 4.25% (2017 - 4.25%) per annum, maturing February 2, 2022. The First Nation has provided a general security agreement and a general postponement of claim as collateral.

2317186 Ontario Ltd. (o/a Happy Time Tours) has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- As at July 31, 2018 (its most recent available year end statements), 2317186 Ontario Ltd. had a long-term debt due to the Royal Bank of Canada of \$250,000 (2017 - \$250,000), at an interest rate of 5.45 (2017 - 5.45%). The First Nation has provided a general security agreement and postponement of claim as security.
- As at July 31, 2018 (its most recent available year end statements), 2317186 Ontario Ltd. had an outstanding operating line of credit due to the Royal Bank of Canada of \$205,000 (2017 - \$96,000) at an interest rate of 5.45% (2017 - 5.45%). The First Nation has provided a general security agreement and postponement of claim as collateral.

2317365 Ontario Ltd. (o/a Happy Time Leasing) has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- At at July 31, 2018 (its most recent available year end statements), 2317365 Ontario Ltd. had an outstanding operating line of credit due to the Royal Bank of Canada of \$115,000 (2017 - \$110,000) at an interest rate of 5.95% (2017 - 5.45%). The First Nation has provided a general security agreement and postponement of claim as collateral.

1103462 Ontario Inc. has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- Fuel loan due to the Royal bank of Canada of \$440,000

SIF #2 Limited Partner has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- A Laurentian Bank of Canada non-revolving term loan with a maximum principal of \$15,000,000. The First Nation has pledged as security its 15% limited partnership interest as security.

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

7. Long-term loans receivable

At March 31, 2019, the First Nation had advanced funds to the following First Nation Business Enterprises with no specified terms of repayment:

	2019	2018
First Nation Business Enterprises		
2317186 Ontario Ltd. (o/a Happy Time Tours)	\$ 393,916	\$ 382,494
2317365 Ontario Ltd. (o/a Happy Time Leasing)	850,000	850,000
Less allowance for doubtful receivable	(850,000)	-
	<u>\$ 393,916</u>	<u>\$ 1,232,494</u>

8. Bank Indebtedness

At March 31, 2019, the First Nation had lines of credit totaling \$270,000 (2018 - \$250,000), of which \$270,000 (2018 - \$250,000) have been utilized and bear interest at prime plus 1.25% (5.20% per annum at March 31, 2019). The lines of credit have been secured by a general security agreement.

9. Accounts Payable and Accrued Liabilities

	2019	2018
Trade accounts payable and accruals	\$ 2,741,251	\$ 2,896,596
Government remittances payable	28,015	42,458
Repayable to funders	26,644	-
	<u>\$ 2,795,910</u>	<u>\$ 2,939,054</u>

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

10. Deferred Revenue and Government Transfers

	Balance March 31, 2018	Funding Received 2019	Revenue Recognized 2019	Balance March 31, 2019
Federal Government				
Indigenous Services Canada	\$ 929,530	\$ 5,907,903	\$ (4,616,997)	\$ 2,220,436
Canadian Mortgage and Housing Corporation	-	381,716	(381,716)	-
Health Canada	457,356	3,963,794	(3,686,401)	734,749
	<u>1,386,886</u>	<u>10,253,413</u>	<u>(8,685,114)</u>	<u>2,955,185</u>
Provincial Government				
Ministry of Northern Development and Mines	-	279,761	(279,761)	-
Ministry of Health and Long Term Care	-	260,275	(260,275)	-
Ministry of Children, Community and Social Services	-	950,981	(950,981)	-
Ministry of Transportation	-	48,523	(48,523)	-
Ontario	-	104,716	(104,716)	-
Other Provincial	-	1,644,256	(1,644,256)	-
Other				
Other Contributions	42,579	1,436,928	(1,436,928)	42,579
Nishnawbe Aski Nation	98,834	316,650	(231,650)	183,834
	<u>141,413</u>	<u>1,753,578</u>	<u>(1,668,578)</u>	<u>226,413</u>
	<u>\$ 1,528,299</u>	<u>\$ 13,651,247</u>	<u>\$ (11,997,948)</u>	<u>\$ 3,181,598</u>

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

10. Deferred Revenue and Government Transfers (cont'd)

Deferred revenue is broken down by program as follows:

	2019	2018
Awareness Walk	\$ 42,579	\$ 42,579
Early Childhood Development	19,165	-
Education Facilities	70,008	-
Fire Training	74,101	54,706
Government Capacity Planning	83,522	99,254
Guidance and Counselling	284,634	210,000
Health Management	162,876	-
High Cost Special Education	418,240	420,686
Jordan's Principle - Suicide Prevention	483,005	457,356
Landfill Construction	554,864	-
Language and Culture	180,464	79,484
New Paths Parental and Community Engagement	-	2,000
Nutrition North Canada	32,292	-
Planning, Design, and Construction	134,302	-
Preventative/ Least Disruptive Measures	420,301	63,400
Public Health	25,000	-
Suicide Prevention	12,411	-
Youth Life Promotion - NAN	183,834	98,834
	<u>\$ 3,181,598</u>	<u>\$ 1,528,299</u>

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

11. Long Term Debt

	2019	2018
Royal Bank of Canada		
Fixed term loan with monthly payments of \$15,968 including interest at the rate of 4.0% per annum, maturing March 2, 2020. Collateral security consists of a security agreement and assignment of Casino Rama and Musselwhite Revenue Sharing revenue.	\$ 187,336	\$ 367,531
Fixed term loan with monthly payments of \$8,131 including interest at the rate of 4.19% per annum, maturing June 20, 2022. Collateral security consists of a security agreement and assignment of Casino Rama and Musselwhite Revenue Sharing revenue.	324,212	406,321
Canada Mortgage and Housing Corporation		
Mortgage payable in monthly installments of \$5,161 including interest at 1.44%, with a renewal date of February 2022, maturing December 2026. Secured by a ministerial loan guarantee from ISC and an assignment of insurance proceeds on fifteen houses with a net book value of \$nil.	453,975	508,945
	\$ 965,523	\$ 1,282,797

Anticipated annual principal payments due in the next five years are as follows:

Year	Amount
2020	\$ 328,719
2021	145,848
2022	150,481
2023	114,463
2024	59,070
Thereafter	166,942
	\$ 965,523

Kingfisher Lake First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2019

12. Tangible Capital Assets

	Band Housing	Public Buildings	Equipment	Heavy Equipment	Vehicles	CMHC Housing	Infrastructure	Total
Cost, beginning of 2019 year	\$ 15,979,124	\$ 7,648,051	\$ 405,827	\$ 1,019,837	\$ 605,268	\$ 2,574,208	\$ 20,238,436	\$ 48,470,751
Additions	145,386	-	300,002	-	287,156	-	-	732,544
Cost, end of 2019 year	16,124,510	7,648,051	705,829	1,019,837	892,424	2,574,208	20,238,436	49,203,295
Accumulated amortization, beginning of 2019 year	11,541,413	5,380,163	343,405	784,263	374,905	2,574,208	12,519,750	33,518,107
Amortization	566,044	286,651	56,346	84,491	144,738	-	451,094	1,589,364
Accumulated amortization, end of 2019 year	12,107,457	5,666,814	399,751	868,754	519,643	2,574,208	12,970,844	35,107,471
Net carrying amount, end of 2019 year	\$ 4,017,053	\$ 1,981,237	\$ 306,078	\$ 151,083	\$ 372,781	\$ -	\$ 7,267,592	\$ 14,095,824
Net carrying amount, end of 2018 year	\$ 4,437,711	\$ 2,267,888	\$ 62,422	\$ 235,574	\$ 230,363	\$ -	\$ 7,718,686	\$ 14,952,644

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

13. Comparative Figures

Certain of the comparative figures presented in the accompanying consolidated financial statements have been reclassified to conform with the current year's presentation.

14. COVID-19 ("Coronavirus")

In March 2020, the World Health Organization declared a global pandemic, prompting the Province of Ontario to declare a state of emergency and place restrictions on non-essential businesses. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, and workforce. Due to COVID-19, the First Nation has had to limit its service offerings, however, additional funding has been received for wages and health and safety costs. As the impacts of COVID-19 in Canada and on the global economy continue, there could be further impact on the First Nation and its funders.

These restrictions are expected to be temporary, however, given the dynamic nature of these circumstances, the duration of the disruption cannot be reasonably estimated at this time.

15. Replacement Reserve

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Rental Housing Replacement Reserve account is to be credited in the amount of \$15,000 annually until it accumulates to the maximum stated in the agreements plus interest. These funds, along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation. As at March 31, 2019 the replacement reserve balance was \$205,000 (2018 - \$172,042). The reserve is unfunded as at March 31, 2019 and 2018.

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

16. Segmented Information

Kingfisher Lake First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The services are provided by several entities of Kingfisher Lake First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Band Management

Band management includes administration, governance activities, and day-to-day band operations.

Economic Development

Economic development includes activities to increase the economic opportunities for the First Nation.

Education

Education includes activities delivering education and student success programming.

Social Services

Social Services includes activities delivering social and employment assistance programming.

Municipal Services

Municipal services includes activities related to operating and maintaining First Nation infrastructure.

Health

Health includes the operations of the nursing station and providing health and well being programming.

Capital

Capital includes capital construction projects and activities for the First Nation.

Other Programs

Other programs include all other programming managed by the First Nation.

Senior Citizens Complex

Senior citizens complex includes the operation and maintenance of the First Nation's seniors' complex under the First Nation's CMHC program.

Housing authority

Housing authority includes the operation and maintenance of housing under the First Nation's CMHC program.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

Kingfisher Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2019

16. Segmented Information (cont'd)

For the year ended March 31, 2019	Band Management	Economic Development	Education	Social Services	Municipal Services	Health	Capital	Other Programs	Senior Citizens Complex	Housing Authority	2019 Total
Revenue											
Federal government transfers	\$ 638,613	\$ 184,401	2,128,735	36,700	2,203,756	2,996,245	456,407	(341,459)	-	381,716	8,685,114
Provincial government transfers	23,716	-	-	1,211,256	279,761	-	-	129,523	-	-	1,644,256
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	1,238,925	-	-	1,238,925
Other	(193,709)	-	126,126	-	(70,826)	82,000	-	2,091,140	13,200	43,200	2,091,131
	<u>468,620</u>	<u>184,401</u>	<u>2,254,861</u>	<u>1,247,956</u>	<u>2,412,691</u>	<u>3,078,245</u>	<u>456,407</u>	<u>3,118,129</u>	<u>13,200</u>	<u>424,916</u>	<u>13,659,426</u>
Expenses											
Administration	(27,989)	-	-	-	27,976	-	-	-	-	-	(13)
Amortization	-	-	-	-	-	-	-	1,589,364	-	-	1,589,364
Bad debts	9,762	-	-	-	-	-	-	-	13,375	13,493	36,630
Bank charges and interest (recovery)	21,543	-	-	-	-	(439)	-	(498)	250	442	21,298
Contracted services	302,115	16,999	57,604	600	239,945	489,453	512,282	134,299	-	(1,764)	1,751,533
Donations	662	-	-	-	-	8,377	-	93,284	-	-	102,323
Events	17,850	-	32,181	-	-	-	-	13,355	-	-	63,386
Freight	4,462	-	1,153	-	15,222	30,339	(50,771)	22,844	-	-	23,249
Funerals	-	-	-	-	-	-	-	-	-	-	-
Honoraria	159,146	-	11,750	-	-	500	-	40,048	-	-	211,444
Insurance	80,639	-	-	-	-	120	-	-	-	-	80,759
Interest on long term debt	-	-	-	-	-	-	-	15,460	-	7,119	22,579
Materials and supplies	152,408	-	181,902	4,303	199,070	181,219	(126,684)	788,912	-	-	1,381,130
Miscellaneous	277,940	(71)	228	-	34,951	70,560	-	411,090	-	-	794,698
Professional fees	165,277	-	17,316	-	-	9,887	981	2,270	-	-	195,731
Rent	550	(106)	225	-	26,199	6,572	2,405	(2,314)	-	-	33,531
Repairs and maintenance	36,622	-	10,299	-	69,782	3,358	48,182	32,705	227,212	72,657	500,817
Replacement reserve expenses	-	-	-	-	-	-	-	-	-	-	-
Retrofit initiative	-	-	-	-	-	-	-	-	-	-	-
Social assistance	-	-	-	837,220	-	-	-	-	-	-	837,220
Training	2,650	-	4,125	-	-	250	-	-	-	-	7,025
Travel	251,515	-	83,582	3,765	11,511	159,758	30,708	308,098	-	-	848,937
Utilities	7,213	-	10,246	-	402,717	170,543	73,165	236,304	52,995	-	953,183
Vehicle	337,159	-	4,066	-	36,564	21,909	-	35,307	-	145	435,150
Wages and benefits	540,519	1,985	968,898	189,364	777,930	1,768,009	474,452	1,077,963	-	-	5,799,120
	<u>2,340,043</u>	<u>18,807</u>	<u>1,383,575</u>	<u>1,035,252</u>	<u>1,841,867</u>	<u>2,920,415</u>	<u>964,720</u>	<u>4,798,491</u>	<u>293,832</u>	<u>92,092</u>	<u>15,689,094</u>
Surplus (deficit)	\$ (1,871,423)	\$ 165,594	\$ 871,286	\$ 212,704	\$ 570,824	\$ 157,830	\$ (508,313)	\$ (1,680,362)	\$ (280,632)	\$ 332,824	\$ (2,029,668)

Kingfisher Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2019

16. Segmented Information (cont'd)

For the year ended March 31, 2018	Band Management	Economic Development	Education	Social Services	Municipal Services	Health	Capital	Other Programs	Senior Citizens Complex	Housing Authority	2018 Total
Revenue											
Federal	\$ 589,785	\$ 96,000	1,303,561	53,100	4,463,095	2,352,811	425,900	295,625	41,392	948,851	10,570,120
Provincial	74,554	-	-	897,701	279,761	-	-	104,400	-	-	1,356,416
Casino	-	-	-	-	-	-	-	1,067,798	-	-	1,067,798
Other	(56,137)	-	118,521	-	(3,327)	4,000	13,599	2,933,874	17,625	45,083	3,073,238
	608,202	96,000	1,422,082	950,801	4,739,529	2,356,811	439,499	4,401,697	59,017	993,934	16,067,572
Expenses											
Administration	(287,415)	5,100	141,741	-	65,200	66,531	-	-	-	-	(8,843)
Amortization	-	-	-	-	-	-	-	1,549,541	-	-	1,549,541
Bad debts	123,468	-	-	-	-	-	-	-	10,750	-	134,218
Bank charges and interest (recovery)	(5,572)	-	152	-	-	510	-	1,174	370	346	(3,020)
Contracted services	29,930	45,000	133,215	550	729,778	296,214	317,120	292,559	-	-	1,844,366
Donations	6,210	-	-	-	-	14,547	-	88,154	-	-	108,911
Events	43,473	-	70	-	-	-	-	24,860	-	-	68,403
Freight	26,878	-	-	-	-	25,034	17,846	10,948	-	-	80,706
Funerals	-	-	-	13,763	-	-	-	-	-	-	13,763
Honoraria	109,248	-	1,220	-	-	1,000	-	28,448	-	-	139,916
Insurance	17,469	-	-	-	1,325	15,955	-	46,483	5,834	19,650	106,716
Interest on long term debt	-	-	-	-	-	-	-	19,576	14	7,666	27,256
Materials and supplies	135,815	-	155,237	5,140	170,440	151,193	503,929	816,426	-	-	1,938,180
Miscellaneous	51,419	-	150	-	15,267	108,574	-	521,694	-	-	697,104
Professional fees	39,929	-	-	-	-	26,493	210	-	-	-	66,632
Rent	6,530	-	-	-	26,199	10,733	5,655	3,267	-	-	52,384
Repairs and maintenance	28,971	-	11,223	-	2,155	2,211	122,932	50,091	663	86,103	304,349
Replacement reserve expenses	-	-	-	-	-	-	-	-	126,771	9,060	135,831
Retrofit initiative	-	-	-	-	-	-	-	-	-	-	-
Social assistance	-	-	-	745,324	-	-	-	-	-	-	745,324
Training	11,454	-	830	-	-	2,000	-	-	-	-	14,284
Travel	124,054	4,566	103,980	8,678	9,986	246,459	96,511	291,655	-	-	885,889
Utilities	29,529	-	18,852	-	488,991	258,847	18,919	404,592	43,955	-	1,263,685
Vehicle	195,147	330	19,493	-	102,865	17,768	-	28,214	-	-	363,817
Wages and benefits	481,285	41,739	720,373	178,219	1,067,660	1,591,864	516,743	1,218,006	-	-	5,815,889
	1,167,822	96,735	1,306,536	951,674	2,679,866	2,835,933	1,599,865	5,395,688	188,357	122,825	16,345,301
Surplus (deficit)	\$ (559,620)	\$ (735)	\$ 115,546	\$ (873)	\$ 2,059,663	\$ (479,122)	\$ (1,160,366)	\$ (993,991)	\$ (129,340)	\$ 871,109	\$ (277,729)