
KINONJEOSHTEGON FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

KINONJEOSHTEGON FIRST NATION

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MARCH 31, 2015

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the non-consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation's Chief and Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the non-consolidated financial statements.

Management reviews the First Nation's non-consolidated financial statements with Chief and Council and recommends their approval. The 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 annual report, the non-consolidated financial statements and the external auditors' report.

The consolidated financial statements have been audited by Collins Barrow HMA LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Collins Barrow HMA LLP have full and free access to the Management and Chief and Council.

Chief

Councillor

Councillor

Councillor

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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Kinonjeoshtegon First Nation

We have audited the accompanying consolidated financial statements of Kinonjeoshtegon First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, consolidated statement of operations and accumulated surplus, consolidated statement of changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kinonjeoshtegon First Nation as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The prior year comparative figures were audited by another firm of Chartered Accountants who expressed unqualified opinion on March 31, 2014 consolidated financial statements.

Collins Barrow HMA LLP
CHARTERED ACCOUNTANTS

Winnipeg, Manitoba
August 31, 2015

KINONJEOSHTEGON FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT 1

MARCH 31

2015 2014

FINANCIAL ASSETS

Accounts receivable (Note 3)	\$ 808,494	\$ 353,592
Restricted cash (Note 5)	<u>41,769</u>	<u>35,156</u>
	<u>850,263</u>	<u>388,748</u>

LIABILITIES

Bank indebtedness	119,552	190,898
Accounts payable and accrued liabilities (Note 4)	957,603	1,244,653
Deferred revenue (Note 14)	800,704	138,553
Long-term debt (Note 7)	<u>3,230,604</u>	<u>3,398,704</u>
	<u>5,108,463</u>	<u>4,972,808</u>
NET DEBT	(4,258,200)	(4,584,060)

NON-FINANCIAL ASSETS

PREPAID EXPENSES	10,765	21,342
TANGIBLE CAPITAL ASSETS (Note 16)	<u>5,952,818</u>	<u>6,368,653</u>
	<u>5,963,583</u>	<u>6,389,995</u>
ACCUMULATED SURPLUS	\$ 1,705,383	\$ 1,805,935
CONTINGENCIES (Note 12)		

Approved by Chief and Council

Chief

Councillor

Councillor

Councillor

KINONJEOSHTEGON FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2015	2014
REVENUE			
Aboriginal Affairs and Northern Development Canada	\$ 3,345,176	\$ 3,571,275	\$ 2,933,411
First Nation and Inuit Health Branch	686,665	773,171	663,900
Canada Mortgage and Housing Corporation	183,696	341,095	181,785
Human Resources and Development Canada	157,407	146,206	175,928
Rental income	110,038	73,479	84,272
Other revenue	240,000	376,654	315,740
Deferred from prior year	8,660	138,553	147,213
Deferred to next year	<u>(625,000)</u>	<u>(800,704)</u>	<u>(138,553)</u>
	<u>4,106,642</u>	<u>4,619,729</u>	<u>4,363,696</u>
EXPENDITURES			
Band Administration	435,246	400,986	517,951
Capital Projects	135,000	173,037	103,746
Community and Economic Development	49,500	82,325	52,000
Community Services	186,229	249,041	221,060
Community Wellness	673,800	771,118	770,724
Education	1,320,723	1,534,072	1,287,285
Employment Programs	161,500	181,901	180,088
Housing	159,500	306,373	214,387
Social Services	<u>559,097</u>	<u>605,593</u>	<u>621,299</u>
	<u>3,680,595</u>	<u>4,304,446</u>	<u>3,968,540</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	426,047	315,283	395,156
Amortization	<u>400,000</u>	<u>415,835</u>	<u>409,249</u>
ANNUAL DEFICIT	26,047	(100,552)	(14,093)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>1,805,935</u>	<u>1,805,935</u>	<u>1,820,028</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 1,831,982</u>	<u>\$ 1,705,383</u>	<u>\$ 1,805,935</u>

KINONJEOSHTEGON FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	2 0 1 5	2 0 1 4
ANNUAL DEFICIT	<u><u>\$ (100,552)</u></u>	<u><u>\$ (14,093)</u></u>
Purchase of tangible capital assets	(57,000)	
Amortization of tangible capital assets	415,835	409,249
Acquisition of prepaid expenses	(10,765)	(21,342)
Use of prepaid expenses	<u><u>21,342</u></u>	<u><u>34,937</u></u>
	<u><u>426,412</u></u>	<u><u>365,844</u></u>
CHANGE IN NET DEBT FOR YEAR	325,860	351,751
NET DEBT, <i>beginning of year</i>	<u><u>(4,584,060)</u></u>	<u><u>(4,935,811)</u></u>
NET DEBT, <i>end of year</i>	<u><u>\$ (4,258,200)</u></u>	<u><u>\$ (4,584,060)</u></u>

KINONJEOSHTEGON FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS

STATEMENT 4

YEAR ENDED MARCH 31

2015 2014

CASH FLOW FROM

OPERATING ACTIVITIES

ANNUAL DEFICIT	\$ (100,552)	\$ (14,093)
Changes in non-cash items on the Statement of Financial Position:		
Accounts receivable	(454,902)	185,397
Accounts payable and accrued liabilities	(287,051)	(335,918)
Deferred revenue	662,151	(8,660)
Prepaid expenses	<u>10,577</u>	<u>13,596</u>
	(69,225)	(145,585)

CAPITAL TRANSACTIONS

Purchase of tangible capital assets	(57,000)
Amortization of capital assets	409,249
	<hr/>
	352,249

FINANCING ACTIVITY

Repayment of long-term debt	(168,100)	(99,151)
NET INCREASE IN CASH DURING YEAR	77,958	93,420
CASH, <i>beginning of year</i>	(155,742)	(249,162)
CASH, <i>end of year</i>	\$ (77,784)	\$ (155,742)

CASH COMPRISED OF

Bank indebtedness	\$ (119,552)	\$ (190,898)
Restricted cash	<u>41,768</u>	<u>35,156</u>
	\$ (77,784)	\$ (155,742)

KINONJEOSHTEGON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

1. OPERATIONS

The Kinonjeoshtegon First Nation reporting entity includes the Kinonjeoshtegon First Nation government and all related entities that are controlled by the First Nation.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for government entities as defined by the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook.

BASIS OF PRESENTATION

Sources of revenue and expenses are recorded according to the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of the legal obligation to pay.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents (bank indebtedness) include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term commitments.

PRINCIPLES OF CONSOLIDATION

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of 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.

Under the modified equity method of accounting, only Kinonjeoshtegon First Nation's investment in the government business enterprise and 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 Kinonjeoshtegon First Nation.

Organizations consolidated in Kinonjeoshtegon First Nation's financial statements include:

- Kinonjeoshtegon First Nation Government
- Kinonjeoshtegon First Nation Education Authority
- Kinonjeoshtegon First Nation Health Program
- Kinonjeoshtegon First Nation Employment and Training
- Kinonjeoshtegon First Nation Housing Authority

FUNDS HELD IN OTTAWA TRUST FUND

Funds held in trust on behalf of First Nation members by the Government of Canada on Ottawa Trust Fund are reported as restricted cash. Trust monies consists of:

- a) Capital trust monies derived from non renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- b) Revenue trust monies generated primarily through land transactions or interest earned on deposits held in trust.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**YEAR ENDED MARCH 31, 2015****2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*****SEGMENTS**

Kinonjeoshtegon First Nation conducts its business through nine reportable segments as identified in the further notes. These operating segments are established by senior management to facilitate the achievement of the entity's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the significant accounting policies.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are initially recorded at cost, which 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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Kinonjeoshtegon First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over the expected useful life of the assets as follows:

	Rate
Land	Not amortized
Works and infrastructure	20 to 40 years
Informatics hardware	2 to 5 years
Informatics software	1 to 10 years
Buildings	15 to 30 years
Motor vehicles	2 to 10 years
Machinery and equipment	5 to 15 years
Leasehold improvements	Shorter of lease term or useful life
Betterments	Shorter of useful life of betterment or asset

Tangible capital assets are written down when conditions indicate that they no longer contribute to Kinonjeoshtegon First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statements of operations.

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

Certain assets which have historical or cultural value, including works of art, historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

LONG-LIVED ASSETS

Long-lived assets consists of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the statement of operations for the year in which the asset becomes impaired.

NON-FINANCIAL ASSETS

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

NET DEBT

The Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

REVENUErecognition

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, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the 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 from other sources are deferred when restrictions are placed on their use by the 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 performed is deferred and recognized when the fee is earned or service performed.

PROVISION FOR SITE REHABILITATION

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include covering and landscaping of the site and ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2015 as funding from agencies will offset any cost associated with the closure of landfill sites.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

MEASUREMENT UNCERTAINTY

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Actual results could differ from these estimates.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

RECENT ACCOUNTING PRONOUNCEMENTS

Liability for contaminated sites

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 Liability for Contaminated Sites to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The First Nation has not yet determined the effect (if any) of the new section in its consolidated financial statements.

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation does not expect the adoption of these new standards to have a material impact on its consolidated financial statement.

FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise stated, it is management's opinion that Kinonjeoshtegon First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of the financial assets and liabilities approximates their fair value.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

3. ACCOUNTS RECEIVABLE

	2 0 1 5	2 0 1 4
Aboriginal Affairs and Northern Development Canada	\$ 710,739	\$ 326,453
First Nation and Inuit Health Branch	83,255	27,499
Other	<u>14,500</u>	-
	<u><u>\$ 808,494</u></u>	<u><u>\$ 353,952</u></u>

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 5	2 0 1 4
Trade payables	\$ 521,880	\$ 855,105
Aboriginal Affairs and Northern Development Canada	128,870	-
Payroll liabilities	181,044	221,078
CMHC Replacement Reserve	117,776	117,776
Other	<u>8,033</u>	<u>50,694</u>
	<u><u>\$ 957,603</u></u>	<u><u>\$ 1,244,653</u></u>

5. RESTRICTED CASH

	2 0 1 5	2 0 1 4
Ottawa Trust	\$ 5,168	\$ 4,973
CMHC Replacement Reserve	<u>36,601</u>	<u>30,183</u>
	<u><u>\$ 41,769</u></u>	<u><u>\$ 35,156</u></u>

The Ottawa 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.

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the Replacement Reserve account is to be credited with an annual transfer of funds as specified in the Section 95 agreement. Interest earned on these funds accrues directly to the Replacement Reserve. These funds along with the accrued interest must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC.

6. ECONOMIC DEPENDENCE

The government of Kinonjeoshtegon First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada and Health Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

7. LONG TERM DEBT

	2 0 1 5	2 0 1 4
(1) Canada Mortgage and Housing Corporation; interest at 2.02% per annum, repayable at \$2,503 per month including interest; secured by loan guarantee from Aboriginal Affairs and Northern Development Canada.	\$ 312,066	\$ 336,137
(2) Canada Mortgage and Housing Corporation; interest at 1.92% per annum repayable at \$2,068 per month including interest; secured by loan guarantee from Aboriginal Affairs and Northern Development Canada.	301,482	320,845
(3) Canada Mortgage and Housing Corporation; interest at 2.97% per annum repayable at \$5,447 per month including interest; secured by loan guarantee from Aboriginal Affairs and Northern Development Canada.	1,019,666	1,057,007
(4) Canada Mortgage and Housing Corporation; interest at 1.64% per annum repayable at \$2,837 per month including interest; secured by loan guarantee from Aboriginal Affairs and Northern Development Canada.	626,654	651,148
(5) Canada Mortgage and Housing Corporation; interest at 1.39% per annum repayable at \$3,471 per month including interest; secured by loan guarantee from Aboriginal Affairs and Northern Development Canada.	802,014	833,295
(6) Royal Bank of Canada term loan; repayable at \$1,528 per month plus interest at 1.90% per annum, compounded monthly;	30,552	48,888
(7) Peace Hills Trust mortgage; repayable at \$1,445 per month plus interest at 3.00% per annum, compounded semi-annually. Secured by ministerial guarantee.	<u>138,170</u>	<u>151,384</u>
	<u><u>3,230,604</u></u>	<u><u>3,398,704</u></u>

Principal repayment terms are approximately:

2016	\$ 169,025
2017	165,669
2018	156,262
2019	159,144
2020	162,090
Thereafter	<u>2,418,414</u>
	<u><u>\$ 3,230,604</u></u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

8. SEGMENTS

The Nation has nine reportable segments. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

Band Administration - includes administration and governance activities.

Social Services - activities include delivering social programs.

Community Services - includes activities for the maintenance of the community and its infrastructure.

Capital Projects - includes activities related to the development and sustainment of on-reserve housing, mitigation and repairs of flood damage.

Community and Economic Development - reports on the Nation's funding related to development of the community.

Education - includes the operations of the education programs.

Employment programs - provide employment opportunities for community members.

Community Wellness - reports on the Nation's funding related to health and wellness.

Housing - includes activities related to the development and sustainment of on-reserve housing.

9. CONSOLIDATED EXPENSES BY OBJECT

	2 0 1 5	2 0 1 4
Amortization	\$ 415,835	\$ 409,249
Bank charges and interest	94,726	146,713
Compensation and training	1,420,785	1,370,949
Purchased goods and services	1,384,320	988,797
Social assistance	494,043	554,434
Support to community and members	179,815	176,709
Travel, accomodation, and related costs	194,940	300,848
Tuition	213,686	240,033
Other	<u>322,131</u>	<u>190,058</u>
	 <u>\$ 4,720,281</u>	 <u>\$ 4,377,790</u>

10. RECONCILIATION OF FNIH FUNDING

	2 0 1 5	2 0 1 4
FNIHB funding per financial statements	\$ 773,171	\$ 663,900
Less: Prior year deferred revenue	-	-
Add: Current year deferred revenue	-	-
FNIHB funding per funding confirmation	<u>\$ 773,171</u>	<u>\$ 663,900</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

11. RECONCILIATION OF AANDC FUNDING

	2 0 1 5	2 0 1 4
Per AANDC funding confirmation	\$ 3,571,275	\$ 2,933,411
Add: Prior year deferred revenue	138,553	147,213
Less: Current year deferred revenue	<u>(800,704)</u>	<u>(138,553)</u>
TOTAL AANDC REVENUE PER FINANCIAL STATEMENTS	<u>\$ 2,909,124</u>	<u>\$ 2,942,071</u>

12. CONTINGENT LIABILITIES

Kinonjeoshtegon First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Kinonjeoshtegon First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Kinonjeoshtegon First Nation's financial statements.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

14. DEFERRED REVENUE

	2015	2014
Opening balance	\$ 138,553	\$ 147,213
Current year deferred revenue	670,811	
Revenue recognized - Waste Transfer Station	<u>(8,660)</u>	<u>(8,660)</u>
Closing balance	<u>\$ 800,704</u>	<u>\$ 138,553</u>

As the waste transfer station is included in tangible capital assets, funding for the station has been deferred and is being recognized as revenue at rates equal to the amortization of the tangible capital asset.

15. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of Kinonjeoshtegon First Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on them.

KINONJEOSHTEGON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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16. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total	Total
							2 0 1 5	2 0 1 4
Band buildings	\$ 4,236,149	\$ 4,236,149	\$ 4,236,149	\$ 2,223,976	\$ 219,013	\$ 2,442,989	\$ 1,793,160	\$ 2,012,173
CMHC buildings	4,330,385	4,330,385	543,003	130,951	673,954	3,656,431	3,787,382	
Waste transfer station	206,523	206,523	37,972	8,660	46,632	159,891	168,551	
School buses	55,000	55,000	7,640	18,336	25,976	29,024	47,360	
Equipment	290,951	290,951	290,951	290,951	290,951			
Infrastructure	1,116,300		1,116,300	763,113	38,875	801,988	314,312	353,187
	\$ 10,235,308	\$ -	\$ 10,235,308	\$ 3,866,655	\$ 415,835	\$ 4,282,490	\$ 5,952,818	\$ 6,368,653

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17. GOVERNMENT TRANSFERS

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal Government transfers			
AANDC	\$ 2,756,121	\$ 815,154	\$ 3,571,275
FNIB	773,171	-	773,171
CMHC	180,595	160,500	341,095
HRDC	146,206	-	146,206
	<u>\$ 3,856,093</u>	<u>\$ 975,654</u>	<u>\$ 4,831,747</u>
 Federal Government transfers			
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
AANDC	2,785,836	147,575	2,933,411
FNIB	663,900	-	663,900
CMHC	181,785	-	181,785
HRDC	175,928	-	175,928
	<u>\$ 3,807,449</u>	<u>\$ 147,575</u>	<u>\$ 3,955,024</u>

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18. SEGMENTED INFORMATION

Kinonjeoshtegon First 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 as described in Note 2. The segment results for the year are as follows:

	Band Administration 2004		Social Services 2014		Community Services 2014		Capital Projects 2014		Community and Economic Development 2014	
	2015	2015	2015	2014	2015	2014	2015	2014	2015	2014
Revenues										
Federal Government										
ANDC	\$ 318,987	\$ 317,324	\$ 596,100	\$ 642,818	\$ 220,691	\$ 216,098	\$ 882,000	\$ 182,000	\$ 48,484	\$ 48,484
Other	<u>351,952</u>	<u>315,740</u>								
Subtotal	670,939	633,064	596,100	642,818	220,691	216,098	882,000	182,000	48,484	48,484
Deferred from prior year	-	-	-	-	138,553	147,213	-	-	-	-
Deferred to next year					<u>(129,893)</u>	<u>(138,553)</u>	<u>(670,811)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	670,939	633,064	596,100	642,818	229,351	224,758	211,189	182,000	48,484	48,484
Expenses										
Amortization										
Debt servicing	23,857	53,246			47,536	54,741				
Other	234,486	193,267	516,994	559,659	226,367	220,138	173,037	103,746	82,325	52,000
Salaries and benefits	<u>142,643</u>	<u>271,438</u>	<u>88,599</u>	<u>61,640</u>	<u>22,674</u>	<u>922</u>				
Total expenses	400,986	517,951	605,593	621,299	296,577	275,801	<u>173,037</u>	<u>103,746</u>	<u>82,325</u>	<u>52,000</u>
Surplus (Deficit)	\$ 269,953	\$ 115,113	\$ 9,493	\$ 21,519	\$ 67,226	\$ 51,043	\$ 38,152	\$ 78,254	\$ (33,841)	\$ (3,516)

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