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KINONJEOSHTEGON FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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# KINONJEOSHTEGON FIRST NATION

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MARCH 31, 2016

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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. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. 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 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

## **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, 2016, and the consolidated statements of operations and accumulated surplus, 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.

### **Auditors' 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba  
November 28, 2016

*Collins Barrow HMA LLP*  
Chartered Professional Accountants



# KINONJEOSHTEGON FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT 1

MARCH 31

2016

2015

### FINANCIAL ASSETS

Cash		
Accounts receivable (Note 3)	\$ 24,471	\$
Restricted cash (Note 4)	676,247	808,494
	<u>377,851</u>	<u>90,304</u>
	<u>1,078,569</u>	<u>898,798</u>

### LIABILITIES

Bank indebtedness		168,087
Accounts payable and accrued liabilities (Note 5)	983,749	957,603
Deferred revenue (Note 6)	4,435,811	800,704
Long-term debt (Note 8)	<u>3,571,990</u>	<u>3,230,604</u>
	<u>8,991,550</u>	<u>5,156,998</u>
NET DEBT	<u>(7,912,981)</u>	<u>(4,258,200)</u>

### NON-FINANCIAL ASSETS

PREPAID EXPENSES	6,590	10,765
TANGIBLE CAPITAL ASSETS (Note 17)	5,559,076	5,952,818
CONSTRUCTION IN PROCESS (Note 13)	<u>4,149,211</u>	<u>-</u>
	<u>9,714,877</u>	<u>5,963,583</u>
ACCUMULATED SURPLUS	\$ <u>1,801,896</u>	\$ <u>1,705,383</u>
CONTINGENCIES (Note 14)		

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)	2 0 1 6	2 0 1 5
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	\$ 6,284,227	\$ 6,624,227	\$ 3,571,275
First Nations and Inuit Health Branch	737,665	751,680	773,171
Canada Mortgage and Housing Corporation	183,696	194,561	341,095
First Peoples Development Inc.	157,407	133,361	146,206
Rental income	113,638	206,644	73,479
Other revenue	222,365	564,387	376,654
Deferred from prior year	670,814	800,704	138,553
Deferred to next year	<u>(4,220,811)</u>	<u>(4,435,811)</u>	<u>(800,704)</u>
	<u>4,149,001</u>	<u>4,839,753</u>	<u>4,619,729</u>
<b>EXPENDITURES</b>			
Band Administration	451,557	583,508	400,986
Capital Projects	215,894	218,319	173,037
Community and Economic Development	50,425	95,228	82,325
Community Services	251,976	245,479	249,041
Community Wellness	764,814	813,768	771,118
Education	1,426,228	1,451,038	1,534,072
Employment Programs	160,085	163,364	181,901
Housing	170,965	166,370	306,373
Social Services	<u>550,277</u>	<u>584,807</u>	<u>605,593</u>
	<u>4,042,221</u>	<u>4,321,881</u>	<u>4,304,446</u>
<b>ANNUAL SURPLUS BEFORE AMORTIZATION</b>	106,780	517,872	315,283
Amortization	<u>400,000</u>	<u>421,359</u>	<u>415,835</u>
<b>ANNUAL SURPLUS ( DEFICIT)</b>	( 293,220)	96,513	( 100,552)
<b>ACCUMULATED SURPLUS, <i>beginning of year</i></b>	<u>1,705,383</u>	<u>1,705,383</u>	<u>1,805,935</u>
<b>ACCUMULATED SURPLUS, <i>end of year</i></b>	<u>\$ 1,412,163</u>	<u>\$ 1,801,896</u>	<u>\$ 1,705,383</u>

# KINONJEOSHTEGON FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	2016	2015
ANNUAL SURPLUS	\$ <u>96,513</u>	\$ <u>(100,552)</u>
Purchase of tangible capital assets	( 27,617)	
Purchase of construction in progress	(4,149,211)	
Amortization of tangible capital assets	421,359	415,835
Acquisition of prepaid expenses	( 6,590)	( 10,765)
Use of prepaid expenses	<u>10,765</u>	<u>21,342</u>
	(3,751,294)	426,412
CHANGE IN NET DEBT FOR YEAR	(3,654,781)	325,860
NET DEBT, <i>beginning of year</i>	<u>(4,258,200)</u>	<u>(4,584,060)</u>
NET DEBT, <i>end of year</i>	\$ <u>(7,912,981)</u>	\$ <u>(4,258,200)</u>

# KINONJEOSHTEGON FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2016	2015
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 8,607,107	\$ 4,826,978
Cash paid to suppliers	( 2,376,685)	( 2,735,593)
Cash paid to employees	( 1,627,863)	( 1,570,785)
Interest paid	( 98,431)	( 94,726)
Distributions to the community	( 188,582)	( 179,815)
	<u>4,315,546</u>	<u>246,059</u>
<i>INVESTING ACTIVITIES</i>		
Purchase of tangible capital assets	( 27,617)	
Construction in progress	( 4,149,211)	-
	<u>(4,176,828)</u>	<u>-</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt	611,577	
Repayment of long-term debt	( 270,190)	( 168,100)
	<u>341,387</u>	<u>( 168,100)</u>
NET INCREASE IN CASH DURING YEAR	480,105	77,959
CASH, <i>beginning of year</i>	( 77,783)	( 155,742)
CASH, <i>end of year</i>	<u>\$ 402,322</u>	<u>\$ ( 77,783)</u>
CASH COMPRISED OF		
Operating cash	\$ 24,471	\$ ( 168,087)
Restricted cash	<u>377,851</u>	<u>90,304</u>
	<u>\$ 402,322</u>	<u>\$ ( 77,783)</u>



# KINONJEOSHTEGON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 1. OPERATIONS

The Kinonjeoshtegon First Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its members. The Kinonjeoshtegon First Nation financial reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including significant accounting policies.

#### *BASIS OF PRESENTATION*

Sources of revenue and expenses are recorded using 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.

#### *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

#### *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, 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

2. 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.

*FINANCIAL INSTRUMENTS*

Financial instruments include cash, accounts receivable, accounts payable, accrued liabilities and long term debt. 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.

*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.

*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.

*FUNDS HELD IN OTTAWA TRUST FUND*

Funds held in trust on behalf of the 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 Nation tangible capital assets; and
- b) Revenue trust monies generated primarily through land transactions or interest earned on deposits held in trust.

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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**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.

*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 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**NET DEBT*

The First 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.

*EMPLOYEE FUTURE BENEFITS*

The First Nation's employee future benefit program consists of a defined contribution pension plan. The First Nation's contributions to the defined contribution plan are expensed as incurred.

*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 an ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2016 as funding from agencies will offset any cost associated with the closure of landfill sites.

*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 PRONOUNCEMENT**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 statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

## 3. ACCOUNTS RECEIVABLE

	2 0 1 6	2 0 1 5
Indigenous and Northern Affairs Canada	\$ 506,754	\$ 710,739
First Nations and Inuit Health Branch	72,037	83,255
Trade receivables	<u>97,456</u>	<u>14,500</u>
	<u>\$ 676,247</u>	<u>\$ 808,494</u>

## 4. RESTRICTED CASH

	2 0 1 6	2 0 1 5
Lagoon Restoration project	\$ 178,295	\$ 48,535
Teacherage Residence project	44,282	
Ottawa Trust	5,274	5,168
CMHC Replacement Reserve	<u>150,000</u>	<u>36,601</u>
	<u>\$ 377,851</u>	<u>\$ 90,304</u>

## 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 6	2 0 1 5
Trade payables	\$ 856,032	\$ 815,307
First Nations and Inuit Health Branch	69,375	
Indigenous and Northern Affairs Canada	42,950	128,870
CMHC accrued mortgage interest	5,148	5,393
Other	<u>10,244</u>	<u>8,033</u>
	<u>\$ 983,749</u>	<u>\$ 957,603</u>

## 6. DEFERRED REVENUE

	2 0 1 6	2 0 1 5
Teacherage residence - project	\$ 1,477,826	\$ 627,826
Lagoon restoration - project	<u>2,957,985</u>	<u>172,878</u>
	<u>\$ 4,435,811</u>	<u>\$ 800,704</u>

## 7. ECONOMIC DEPENDENCE

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

## 8. LONG TERM DEBT

	2 0 1 6	2 0 1 5
(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 Indigenous and Northern Affairs Canada.	\$ 288,104	\$ 312,066
(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 Indigenous and Northern Affairs Canada.	282,271	301,482
(3) Canada Mortgage and Housing Corporation; interest at 1.11% per annum repayable at \$4,576 per month including interest; secured by loan guarantee from Indigenous and Northern Affairs Canada.	983,994	1,019,666
(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 Indigenous and Northern Affairs Canada.	602,699	626,654
(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 Indigenous and Northern Affairs Canada.	771,319	802,014
(6) Royal Bank of Canada term loan; repayable at \$1,528 per month plus interest at prime (2.70%) plus 1.90% per annum, compounded monthly.	12,216	30,552
(7) Peace Hills Trust mortgage; repayable at \$1,445 per month plus interest at 3.50% per annum, compounded semi-annually, secured by ministerial guarantee.	120,999	138,170
(8) Royal Bank of Canada loan; repayable at \$11,085 per month plus interest at 4.00% per annum, compounded monthly, secured by ministerial loan guarantee.	<u>510,388</u>	<u>-</u>
	<u>\$ 3,571,990</u>	<u>\$ 3,230,604</u>

Principal repayment terms are approximately:

2017	\$ 276,924
2018	272,622
2019	280,802
2020	289,258
2021	186,259
Thereafter	<u>2,266,125</u>
	<u>\$ 3,571,990</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

## 9. SEGMENTS

The First Nation has nine reportable segments. These segments are differentiated by the major activities or services they provide. The First 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.

## 10. CONSOLIDATED EXPENSES BY OBJECT

	2 0 1 6	2 0 1 5
Amortization	\$ 421,359	\$ 415,835
Bank charges and interest	98,473	94,726
Compensation and benefits	1,627,863	1,570,785
Purchased goods and services	1,450,014	1,533,500
Social assistance	514,905	516,994
Support to community and members	188,582	179,815
Travel, accomodation, and related costs	217,540	194,940
Tuition	224,504	213,686
	<u>\$ 4,743,240</u>	<u>\$ 4,720,281</u>

## 11. RECONCILIATION OF FNIHB FUNDING

	2 0 1 6	2 0 1 5
FNIHB funding per financial statements	\$ 751,680	\$ 773,171
Less: Prior year deferred revenue	-	-
Add: Current year deferred revenue	-	-
FNIHB funding per funding confirmation	<u>\$ 751,680</u>	<u>\$ 773,171</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

## 12. RECONCILIATION OF INAC FUNDING

	2 0 1 6	2 0 1 5
Per INAC funding confirmation	\$ 6,624,227	\$ 3,571,275
Add: Prior year deferred revenue	800,704	138,553
Less: Current year deferred revenue	<u>(4,435,811)</u>	<u>( 800,704)</u>
TOTAL INAC REVENUE PER FINANCIAL STATEMENTS	\$ <u>2,989,120</u>	\$ <u>2,909,124</u>

## 13. CONSTRUCTION IN PROCESS

	2 0 1 6	2 0 1 5
Lagoon Restoration project	\$ 3,055,257	\$ -
Teacherage Residence project	<u>1,093,954</u>	<u>-</u>
	\$ <u>4,149,211</u>	\$ <u>-</u>

## 14. CONTINGENCIES

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.

## 15. COMPARATIVE FIGURES

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

## 16. 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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 17. TANGIBLE CAPITAL ASSETS

	Cost		Accumulated Amortization		Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance
				2016	2015	Total
Band buildings	\$ 4,236,149	\$ -	\$ 4,236,149	\$ 2,442,989	\$ 219,013	\$ 2,662,002
CMHC buildings	4,330,385	-	4,330,385	673,954	130,951	804,905
Waste transfer station	206,523	-	206,523	46,632	10,326	56,958
School buses	55,000	-	55,000	25,976	18,336	44,312
Vehicles	-	27,617	27,617	-	5,523	5,523
Furniture and equipment	290,951	-	290,951	290,951	-	290,951
Infrastructure	1,116,300	-	1,116,300	801,988	37,210	839,198
	<u>\$ 10,235,308</u>	<u>\$ 27,617</u>	<u>\$ 10,262,925</u>	<u>\$ 4,282,490</u>	<u>\$ 421,359</u>	<u>\$ 4,703,849</u>
				<u>2016</u>	<u>2015</u>	<u>Total</u>
				\$ 1,574,147	\$ 1,793,160	\$ 3,367,307
				3,525,480	3,656,431	7,181,911
				149,565	159,891	309,456
				10,688	29,024	39,712
				22,094	-	22,094
				<u>277,102</u>	<u>314,312</u>	<u>591,414</u>
				<u>\$ 5,559,076</u>	<u>\$ 5,952,818</u>	<u>\$ 11,511,894</u>

### 18. GOVERNMENT TRANSFERS

	2016		2015	
	Operating	Capital	Operating	Capital
Federal government transfers				
Indigenous and Northern Affairs Canada	\$ 2,617,121	\$ 4,007,106	\$ 2,756,121	\$ 815,154
First Nations and Inuit Health Branch	751,680	751,680	773,171	773,171
Canada Mortgage and Housing Corporation	194,561	194,561	180,595	341,095
Human Resources and Development Canada	133,361	133,361	146,206	146,206
	<u>\$ 3,696,723</u>	<u>\$ 4,007,106</u>	<u>\$ 3,856,093</u>	<u>\$ 975,654</u>
		<u>\$ 7,703,829</u>		<u>\$ 4,831,747</u>
Federal government transfers				
Indigenous and Northern Affairs Canada	\$ 2,756,121	\$ 815,154	\$ 2,756,121	\$ 815,154
First Nation and Inuit Health Branch	773,171	773,171	773,171	773,171
Canada Mortgage and Housing Corporation	180,595	160,500	180,595	341,095
Human Resources and Development Canada	146,206	-	146,206	146,206
	<u>\$ 3,856,093</u>	<u>\$ 975,654</u>	<u>\$ 3,856,093</u>	<u>\$ 975,654</u>
		<u>\$ 4,831,747</u>		<u>\$ 4,831,747</u>

# KINONJEOSHTEGON FIRST NATION

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### 19. 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:

Revenue	Band Administration		Social Services		Community Services		Capital Projects		Community and Economic Development	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Federal Government										
INAC	\$ 357,968	\$ 318,987	\$ 588,005	\$ 596,100	\$ 205,899	\$ 220,691	\$ 4,007,106	\$ 882,000	\$ 48,484	\$ 48,484
Other	<u>608,127</u>	<u>351,952</u>	-	-	-	-	-	-	-	-
Subtotal	966,095	670,939	588,005	596,100	205,899	220,691	4,007,106	882,000	48,484	48,484
Deferred from prior year	129,893	138,553	-	-	-	-	670,811	-	-	-
Deferred to next year	-	(129,893)	-	-	-	-	(4,435,811)	(670,811)	-	-
Total revenue	<u>1,095,988</u>	<u>679,599</u>	<u>588,005</u>	<u>596,100</u>	<u>205,899</u>	<u>220,691</u>	<u>242,106</u>	<u>211,189</u>	<u>48,484</u>	<u>48,484</u>
Expenses										
Amortization										
Debt servicing	30,457	23,857			47,536	47,536				
Other	392,697	234,486								
Salaries and benefits	<u>160,355</u>	<u>142,643</u>	514,905	516,994	182,065	226,367	214,515	173,037	60,965	82,325
			<u>69,901</u>	<u>88,599</u>	<u>63,414</u>	<u>22,674</u>	<u>3,804</u>	-	<u>34,262</u>	-
Total expenses	<u>583,509</u>	<u>400,986</u>	<u>584,806</u>	<u>605,593</u>	<u>293,015</u>	<u>296,577</u>	<u>218,319</u>	<u>173,037</u>	<u>95,227</u>	<u>82,325</u>
Surplus (Deficit)	<u>\$ 512,479</u>	<u>\$ 278,613</u>	<u>\$ 3,199</u>	<u>\$ ( 9,493)</u>	<u>\$ ( 87,116)</u>	<u>\$ ( 75,886)</u>	<u>\$ 23,787</u>	<u>\$ 38,152</u>	<u>\$ ( 46,743)</u>	<u>\$ ( 33,841)</u>

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	Education		Employment Programs		Community Wellness		CMHC Housing		TOTAL	
Revenue	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Federal Government										
INAC	\$ 1,416,765	\$ 1,505,013	\$	\$	\$ 751,680	\$ 773,171	\$	\$	\$ 6,624,227	\$ 3,571,275
FNHIB									751,680	773,171
CMHC			133,361	146,206			194,561	341,095	194,561	341,095
HRSDC			-	-	-	4,159	201,394	65,379	133,361	146,206
Other	(38,490)	28,643	-	-	-	-	-	-	771,031	450,133
Subtotal	1,378,275	1,533,656	133,361	146,206	751,680	777,330	395,955	406,474	8,474,860	5,281,880
Deferred from prior year									800,704	138,553
Deferred to next year	-	-	-	-	-	-	-	-	(4,435,811)	(800,704)
Total revenue	1,378,275	1,533,656	133,361	146,206	751,680	777,330	395,955	406,474	4,839,753	4,619,729
Expenses										
Amortization	237,348	237,348			5,524		130,951	130,951	421,359	415,835
Debt servicing	1,033	1,971			42		66,941	68,898	98,473	94,726
Other	654,917	694,068	102,150	112,342	403,876	434,297	69,455	165,019	2,595,545	2,638,935
Salaries and benefits	795,089	838,033	61,214	69,559	409,850	336,821	29,974	72,456	1,627,863	1,570,785
Total expenses	1,688,387	1,771,420	163,364	181,901	819,292	771,118	297,321	437,324	4,743,240	4,720,281
Surplus (Deficit)	\$( 310,112)	\$( 237,764)	\$( 30,003)	\$( 35,695)	\$( 67,612)	\$ 6,212	\$ 98,634	\$( 30,850)	\$ 96,513	\$( 100,552)