
KINONJEOSHTEGON FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

KINONJEOSHTEGON FIRST NATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....**STATEMENT 1**

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS.....**STATEMENT 2**

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT.....**STATEMENT 3**

CONSOLIDATED STATEMENT OF CASH FLOWS.....**STATEMENT 4**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

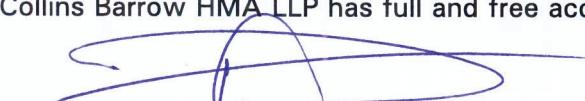
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist,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

Management reviews the First Nation's 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 has 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, 2017, 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 the 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Collins Barrow HMA LLP
Chartered Professional Accountants

Winnipeg, Manitoba
December 13, 2017

KINONJEOSHTEGON FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2017

2016

FINANCIAL ASSETS

Cash	\$ 43,097	\$ 24,471
Restricted cash (Note 4)	276,257	377,851
Accounts receivable (Note 3)	<u>1,065,282</u>	<u>676,247</u>
	<u>1,384,636</u>	<u>1,078,569</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	1,294,789	983,749
Deferred revenue (Note 6)	6,628,241	4,435,811
Long-term debt (Note 8)	<u>3,411,699</u>	<u>3,571,990</u>
	<u>11,334,729</u>	<u>8,991,550</u>
NET DEBT	<u>(9,950,093)</u>	<u>(7,912,981)</u>

NON-FINANCIAL ASSETS

PREPAID EXPENSES	6,317	6,590
TANGIBLE CAPITAL ASSETS (Note 17)	6,557,866	5,559,076
CONSTRUCTION IN PROCESS (Note 13)	<u>6,195,530</u>	<u>4,149,211</u>
	<u>12,759,713</u>	<u>9,714,877</u>
ACCUMULATED SURPLUS	\$ 2,809,620	\$ 1,801,896
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)	2017	2016
REVENUE			
Indigenous and Northern Affairs Canada	\$ 6,508,810	\$ 6,647,518	\$ 6,624,227
First Nations and Inuit Health Branch	409,538	756,395	751,680
Canada Mortgage and Housing Corporation	183,696	440,966	194,561
Human Resources and Development Canada	157,409	170,352	133,361
Rental income	119,638	188,370	206,644
Other	180,000	323,961	564,387
Deferred from prior year	4,435,811	4,435,811	800,704
Deferred to subsequent year	<u>(6,500,000)</u>	<u>(6,628,241)</u>	<u>(4,435,811)</u>
	<u>5,494,902</u>	<u>6,335,132</u>	<u>4,839,753</u>
EXPENDITURES			
Band Administration	375,202	439,499	583,508
Capital Projects	1,674,228	514,697	218,319
Community and Economic Development	50,425	89,835	95,228
Community Services	192,214	315,417	245,479
Community Wellness	818,383	912,264	813,768
Education	1,258,031	1,697,437	1,451,038
Employment Programs	160,085	187,261	163,364
Housing	66,661	147,667	166,370
Social Services	<u>536,277</u>	<u>529,893</u>	<u>584,807</u>
	<u>5,131,506</u>	<u>4,833,970</u>	<u>4,321,881</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	363,396	1,501,162	517,872
Amortization	<u>400,000</u>	<u>493,438</u>	<u>421,359</u>
ANNUAL SURPLUS	(36,604)	1,007,724	96,513
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>1,412,163</u>	<u>1,801,896</u>	<u>1,705,383</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ 1,375,559	\$ 2,809,620	\$ 1,801,896

KINONJEOSHTEGON FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	2 0 1 7	2 0 1 6
ANNUAL SURPLUS	<u>\$ 1,007,724</u>	\$ 96,513
Acquisition of tangible capital assets	(1,492,228)	(27,617)
Amortization of tangible capital assets	493,438	421,359
Acquisition of construction in progress	(6,195,530)	(4,149,211)
Use of construction in progress	4,149,211	
Acquisition of prepaid expenses	(6,317)	(6,590)
Use of prepaid expenses	<u>6,590</u>	10,765
	<u>(3,044,836)</u>	(3,751,294)
CHANGE IN NET DEBT FOR YEAR	(2,037,112)	(3,654,781)
NET DEBT, <i>beginning of year</i>	<u>(7,912,981)</u>	(4,258,200)
NET DEBT, <i>end of year</i>	<u>\$ (9,950,093)</u>	\$ (7,912,981)

KINONJEOSHTEGON FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 7	2 0 1 6
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 8,138,527	\$ 8,607,107
Cash paid to suppliers	(2,648,749)	(2,565,267)
Cash paid to employees	(1,799,648)	(1,627,863)
Interest paid	(74,260)	(98,431)
	<u>3,615,870</u>	<u>4,315,546</u>
<i>INVESTING ACTIVITIES</i>		
Purchase of tangible capital assets	(1,492,228)	(27,617)
Construction in progress	(2,046,319)	(4,149,211)
	<u>(3,538,547)</u>	<u>(4,176,828)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt	128,000	611,577
Repayment of long-term debt	(288,291)	(270,190)
	<u>(160,291)</u>	<u>341,387</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	(82,968)	480,105
CASH, <i>beginning of year</i>	<u>402,322</u>	<u>(77,783)</u>
CASH, <i>end of year</i>	<u>\$ 319,354</u>	<u>\$ 402,322</u>

CASH COMPRISED OF

Operating cash	\$ 43,097	\$ 24,471
Restricted cash	276,257	377,851
	<u>\$ 319,354</u>	<u>\$ 402,322</u>

KINONJEOSHTEGON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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, 2017****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, 2017****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 and ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2017 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.

3. ACCOUNTS RECEIVABLE

	2 0 1 7	2 0 1 6
Indigenous and Northern Affairs Canada	\$ 812,697	\$ 506,754
First Nations and Inuit Health Branch	89,959	72,037
Canada Mortgage and Housing Corporation	78,995	
Trade receivables	<u>83,631</u>	<u>97,456</u>
	<u>\$ 1,065,282</u>	<u>\$ 676,247</u>

4. RESTRICTED CASH

	2 0 1 7	2 0 1 6
Capital project	\$ 10,245	\$ 222,577
Ottawa Trust	5,374	5,274
CMHC Replacement Reserve	<u>260,638</u>	<u>150,000</u>
	<u>\$ 276,257</u>	<u>\$ 377,851</u>

KINONJEOSHTEGON FIRST NATION

PAGE 5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 7	2 0 1 6
Trade payables	\$ 1,232,210	\$ 866,276
First Nations and Inuit Health Branch	59,245	69,375
Indigenous and Northern Affairs Canada		42,950
CMHC accrued mortgage interest	<u>3,334</u>	<u>5,148</u>
	<u><u>\$ 1,294,789</u></u>	<u><u>\$ 983,749</u></u>

6. DEFERRED REVENUE

	2 0 1 7	2 0 1 6
Teacherage residence - project	\$	\$ 1,477,826
Lagoon restoration - project	5,642,985	2,957,985
Road & bridges	250,000	
Soil remediation	676,693	
CMHC SIF Retrofit project	<u>58,563</u>	-
	<u><u>\$ 6,628,241</u></u>	<u><u>\$ 4,435,811</u></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, 2017

8. LONG TERM DEBT

2017 **2016**

(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.	\$ 263,630	\$ 288,104
(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.	262,666	282,271
(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.	940,410	983,994
(4) Canada Mortgage and Housing Corporation; interest at 1.44% per annum repayable at \$2,784 per month including interest; secured by loan guarantee from Indigenous and Northern Affairs Canada.	578,269	602,699
(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.	740,142	771,319
(6) Royal Bank of Canada loan; carrying interest at prime (2.95%) plus 2.35% per annum, repayable in full by April 2017.	128,000	12,216
(7) Peace Hills Trust mortgage; repayable at \$1,836 per month plus interest at 3.50% per annum, compounded semi-annually, secured by ministerial guarantee.	102,821	120,999
(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>395,761</u>	<u>510,388</u>
	<u><u>\$ 3,411,699</u></u>	<u><u>\$ 3,571,990</u></u>

Principal repayment terms are approximately:

2018	\$ 400,473
2019	280,720
2020	289,248
2021	186,402
2022	167,154
Thereafter	<u>2,087,702</u>
	<u><u>\$ 3,411,699</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2017****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.

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.

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

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

Education - includes the operations of the education programs.

Employment programs - provide employment opportunities for Community members.

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

Social Services - activities include delivering social programs.

10. CONSOLIDATED EXPENSES BY OBJECT

	2 0 1 7	2 0 1 6
Amortization	\$ 493,438	\$ 421,359
Bank charges and interest	74,260	98,473
Compensation and benefits	1,799,648	1,627,863
Purchased goods and services	1,685,192	1,450,014
Social assistance	609,914	514,905
Support to community and members	158,771	188,582
Travel, accomodation, and related costs	307,052	217,540
Tuition	<u>199,133</u>	<u>224,504</u>
	<u>\$ 5,327,408</u>	<u>\$ 4,743,240</u>

11. RECONCILIATION OF FNIHB FUNDING

	2 0 1 7	2 0 1 6
FNIHB funding per financial statements	\$ 756,395	\$ 751,680
Less: Prior year deferred revenue	-	-
Add: Current year deferred revenue	-	-
FNIHB funding per funding confirmation	<u>\$ 756,395</u>	<u>\$ 751,680</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2017****12. RECONCILIATION OF INAC FUNDING**

	2 0 1 7	2 0 1 6
Per INAC funding confirmation	\$ 6,647,518	\$ 6,624,227
Add: Prior year deferred revenue	4,435,811	800,704
Less: Current year deferred revenue	<u>(6,569,678)</u>	<u>(4,435,811)</u>
 TOTAL INAC REVENUE PER FINANCIAL STATEMENTS	 <u>\$ 4,513,651</u>	 <u>\$ 2,989,120</u>

13. CONSTRUCTION IN PROCESS

	2 0 1 7	2 0 1 6
Lagoon Restoration project	\$ 5,467,310	\$ 3,055,257
Road and Bridges project	242,227	
Soil Remediation project	485,993	
Teacherage Residence project	-	1,093,954
 	 <u>\$ 6,195,530</u>	 <u>\$ 4,149,211</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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

17. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total	Total
							2017	2016
Band buildings	\$ 4,236,149	\$ 1,492,228	\$ 5,728,377	\$ 2,662,002	\$ 286,419	\$ 2,948,421	\$ 2,779,956	\$ 1,574,147
CMHC buildings	4,330,385		4,330,385	804,905	143,271	948,176	3,382,209	3,525,480
Waste transfer station	206,523		206,523	56,958	10,326	67,284	139,239	149,565
School buses	55,000		55,000	44,312	10,688	55,000		10,688
Vehicles	27,617		27,617	5,523	5,524	11,047	16,570	22,094
Infrastructure	1,116,300	-	1,116,300	839,198	37,210	876,408	239,892	277,102
	<u>\$ 9,971,974</u>	<u>\$ 1,492,228</u>	<u>\$ 11,464,202</u>	<u>\$ 4,412,898</u>	<u>\$ 493,438</u>	<u>\$ 4,906,336</u>	<u>\$ 6,557,866</u>	<u>\$ 5,559,076</u>

18. GOVERNMENT TRANSFERS

	2017		
	Operating	Capital	Total
Federal government transfers			
Indigenous and Northern Affairs Canada	\$ 2,667,675	\$ 3,979,843	\$ 6,647,518
First Nations and Inuit Health Branch	756,395		756,395
Canada Mortgage and Housing Corporation	440,966		440,966
Human Resources and Development Canada	157,670	12,682	170,352
	<u>\$ 4,022,706</u>	<u>\$ 3,992,525</u>	<u>\$ 8,015,231</u>

	2016		
	Operating	Capital	Total
Federal government transfers			
Indigenous and Northern Affairs Canada	\$ 2,617,121	\$ 4,007,106	\$ 6,624,227
First Nations and Inuit Health Branch	751,680		751,680
Canada Mortgage and Housing Corporation	194,561		194,561
Human Resources and Development Canada	133,361	-	133,361
	<u>\$ 3,696,723</u>	<u>\$ 4,007,106</u>	<u>\$ 7,703,829</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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		Capital Projects		Community and Economic Development		Community Services		Community Wellness	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	INAC	\$ 354,696	\$ 357,968	\$ 3,979,843	\$ 4,007,106	\$ 48,484	\$ 48,484	\$ 169,967	\$ 205,899	\$ 756,395
FNIHB										\$ 751,680
Other	355,870	608,127	-	-	-	-	-	-	4,793	-
Subtotal	710,566	966,095	3,979,843	4,007,106	48,484	48,484	169,967	205,899	761,188	751,680
Deferred from prior year		129,893	4,435,811	670,811						
Deferred to next year	-	-	(6,569,679)	(4,435,811)	-	-	-	-	-	-
Total revenue	710,566	1,095,988	1,845,975	242,106	48,484	48,484	169,967	205,899	761,188	751,680
Expenses										
Amortization							45,326	47,536	5,524	5,524
Debt servicing	28,807	30,457								42
Other	189,741	392,697	468,672	214,515	34,532	60,965	280,417	182,065	383,098	403,876
Salaries and benefits	220,951	160,355	46,025	3,804	55,303	34,262	35,000	63,414	529,166	409,850
Total expenses	439,499	583,509	514,697	218,319	89,835	95,227	360,743	293,015	917,788	819,292
Surplus (Deficit)	\$ 271,067	\$ 512,479	\$ 1,331,278	\$ 23,787	\$(41,351)	\$(46,743)	\$(190,776)	\$(87,116)	\$(156,600)	\$(67,612)

KINONJEOSHTEGON FIRST NATION

Page 11

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

	Education		Employment Programs		Housing		Social Services		TOTAL	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue										
Federal Government										
INAC	\$ 1,672,681	\$ 1,416,765	\$	\$	\$	\$	\$ 421,847	\$ 588,005	\$ 6,647,518	\$ 6,624,227
FNIHB									756,395	751,680
CMHC									440,966	194,561
HRSDC			170,352	133,361		440,966	194,561			170,352
Other	10,450	(38,490)	-	-	177,920	201,394	(36,701)		512,332	771,031
Subtotal	1,683,131	1,378,275	170,352	133,361	618,886	395,955	385,146	588,005	8,527,563	8,474,860
Deferred from prior year									4,435,811	800,704
Deferred to next year	-	-	-	-	(58,563)	-	-	-	(6,628,242)	(4,435,811)
Total revenue	1,683,131	1,378,275	170,352	133,361	560,323	395,955	385,146	588,005	6,335,132	4,839,753
Expenses										
Amortization	301,555	237,348			141,033	130,951			493,438	421,359
Debt servicing	213	1,033			45,240	66,941			74,260	98,473
Other	1,031,674	654,917	112,603	102,150	73,787	69,455	385,538	514,905	2,960,062	2,595,545
Salaries and benefits	665,550	795,089	74,658	61,214	28,640	29,974	144,355	69,901	1,799,648	1,627,863
Total expenses	1,998,992	1,688,387	187,261	163,364	288,700	297,321	529,893	584,806	5,327,408	4,743,240
Surplus (Deficit)	\$(315,861)	\$(310,112)	\$(16,909)	\$(30,003)	\$ 271,623	\$ 98,634	\$(144,747)	\$ 3,199	\$ 1,007,724	\$ 96,513