
KINONJEOSHTEGON FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

KINONJEOSHTEGON FIRST NATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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 Baker Tilly HMA LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Baker Tilly HMA LLP has full and free access to the Management and Chief and Council.

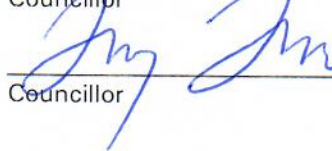
Chief



Vicki Thomas

Councillor

Councillor



Councillor

Baker Tilly HMA LLP
701 - 330 Portage Avenue
Winnipeg, MB R3C 0C4

T: 204.989.2229
TF: 1.866.730.4777
F: 204.944.9923

winnipeg@bakertilly.ca
www.bakertilly.ca

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, 2018, 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 31, 2019

KINONJEOSHTEGON FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2018

2017

FINANCIAL ASSETS

Cash	\$ 15,278	\$ 43,097
Restricted cash (Note 4)	245,520	276,257
Accounts receivable (Note 3)	<u>256,121</u>	<u>1,065,282</u>
	<u>516,919</u>	<u>1,384,636</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	837,406	1,294,789
Deferred revenue (Note 6)	532,061	6,628,241
Long-term debt (Note 8)	<u>3,001,990</u>	<u>3,411,699</u>
	<u>4,371,457</u>	<u>11,334,729</u>
NET DEBT	<u>(3,854,538)</u>	<u>(9,950,093)</u>

NON-FINANCIAL ASSETS

PREPAID EXPENSES		6,317
TANGIBLE CAPITAL ASSETS (Note 17)	6,075,116	6,557,866
CONSTRUCTION IN PROCESS (Note 13)	<u>8,888,460</u>	<u>6,195,530</u>
	<u>14,963,576</u>	<u>12,759,713</u>
ACCUMULATED SURPLUS	\$ <u>11,109,038</u>	\$ <u>2,809,620</u>
CONTINGENCIES (Note 14)		

Approved by Chief and Council

Chief

Vicki Thomas
Councillor

Councillor

Councillor

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	Budget (Unaudited)	2 0 1 8	2 0 1 7
REVENUE			
Indigenous Services Canada	\$ 5,566,580	\$ 5,762,366	\$ 6,647,518
First Nations and Inuit Health Branch	1,745,233	1,793,605	756,395
Canada Mortgage and Housing Corporation	178,012	178,012	440,966
First Peoples Development Inc.	232,191	232,190	170,352
Rental income	210,819	210,782	188,370
Other	143,110	143,149	323,961
Deferred from prior year	6,628,241	6,628,241	4,435,811
Deferred to subsequent year	<u>(7,542,177)</u>	<u>(532,061)</u>	<u>(6,628,241)</u>
	<u>7,162,009</u>	<u>14,416,284</u>	<u>6,335,132</u>
EXPENDITURES			
Band Administration	454,600	437,360	439,499
Capital Projects	1,678,299	177,592	514,697
Community and Economic Development	48,484	49,145	89,835
Community Services	383,000	314,168	315,417
Community Wellness	1,745,006	1,830,106	912,264
Education	1,570,709	1,822,464	1,697,437
Employment Programs	246,800	265,478	187,261
Housing		192,625	147,667
Social Services	<u>556,281</u>	<u>545,178</u>	<u>529,893</u>
	<u>6,683,179</u>	<u>5,634,116</u>	<u>4,833,970</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	478,830	8,782,168	1,501,162
Amortization	<u>480,000</u>	<u>482,750</u>	<u>493,438</u>
ANNUAL SURPLUS	(1,170)	8,299,418	1,007,724
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>2,809,620</u>	<u>2,809,620</u>	<u>1,801,896</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ <u>2,808,450</u>	\$ <u>11,109,038</u>	\$ <u>2,809,620</u>

KINONJEOSHTEGON FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	2 0 1 8	2 0 1 7
ANNUAL SURPLUS	\$ <u>8,299,418</u>	\$ <u>1,007,724</u>
Acquisition of tangible capital assets		(1,492,228)
Amortization of tangible capital assets	482,750	493,438
Acquisition of construction in progress - net	(2,692,930)	(2,046,319)
Acquisition of prepaid expenses		(6,317)
Use of prepaid expenses	<u>6,317</u>	<u>6,590</u>
	<u>(2,203,863)</u>	<u>(3,044,836)</u>
CHANGE IN NET DEBT FOR YEAR	6,095,555	(2,037,112)
NET DEBT, <i>beginning of year</i>	<u>(9,950,093)</u>	<u>(7,912,981)</u>
NET DEBT, <i>end of year</i>	\$ <u><u>(3,854,538)</u></u>	\$ <u><u>(9,950,093)</u></u>

KINONJEOSHTEGON FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 8	2 0 1 7
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 9,129,265	\$ 8,138,527
Cash paid to suppliers	(3,863,693)	(2,648,749)
Cash paid to employees	(2,153,326)	(1,799,648)
Interest paid	(68,163)	(74,260)
	<u>3,044,083</u>	<u>3,615,870</u>
<i>INVESTING ACTIVITIES</i>		
Purchase of tangible capital assets		(1,492,228)
Construction in progress	(2,692,930)	(2,046,319)
	<u>(2,692,930)</u>	<u>(3,538,547)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt		128,000
Repayment of long-term debt	(409,709)	(288,291)
	<u>(409,709)</u>	<u>(160,291)</u>
NET DECREASE IN CASH DURING YEAR	(58,556)	(82,968)
CASH, <i>beginning of year</i>	<u>319,354</u>	<u>402,322</u>
CASH, <i>end of year</i>	<u>\$ 260,798</u>	<u>\$ 319,354</u>
CASH COMPRISED OF		
Operating cash	\$ 15,278	\$ 43,097
Restricted cash	<u>245,520</u>	<u>276,257</u>
	<u>\$ 260,798</u>	<u>\$ 319,354</u>

KINONJEOSHTEGON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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

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

MARCH 31, 2018

2. 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 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.

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, 2018 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

3. ACCOUNTS RECEIVABLE

	2 0 1 8	2 0 1 7
Indigenous and Northern Affairs Canada	\$ 53,114	\$ 812,697
First Nations and Inuit Health Branch		89,959
Canada Mortgage and Housing Corporation		78,995
Trade receivables	<u>203,007</u>	<u>83,631</u>
	<u>\$ 256,121</u>	<u>\$ 1,065,282</u>

4. RESTRICTED CASH

	2 0 1 8	2 0 1 7
Capital project	\$	\$ 10,245
Ottawa Trust	5,494	5,374
CMHC Replacement Reserve	<u>240,026</u>	<u>260,638</u>
	<u>\$ 245,520</u>	<u>\$ 276,257</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 8	2 0 1 7
Trade payables	\$ 770,923	\$ 1,232,210
First Nations and Inuit Health Branch	26,657	59,245
Indigenous and Northern Affairs Canada	36,391	
CMHC accrued mortgage interest	<u>3,435</u>	<u>3,334</u>
	<u>\$ 837,406</u>	<u>\$ 1,294,789</u>

6. DEFERRED REVENUE

	2 0 1 8	2 0 1 7
Lagoon restoration	\$ 322,847	\$ 5,642,985
Road & bridges	176,557	250,000
Soil remediation	32,657	676,693
CMHC SIF Retrofit project	<u>-</u>	<u>58,563</u>
	<u>\$ 532,061</u>	<u>\$ 6,628,241</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, 2018

8. LONG TERM DEBT

	2018	2017
(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.	\$ 238,672	\$ 263,630
(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.	242,695	262,666
(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.	895,690	940,410
(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.	553,002	578,269
(5) Canada Mortgage and Housing Corporation; interest at 1.86% per annum repayable at \$3,627 per month including interest; secured by loan guarantee from Indigenous and Northern Affairs Canada.	709,410	740,142
(6) Royal Bank of Canada loan; repaid in full.		128,000
(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.	83,790	102,821
(8) Royal Bank of Canada term loan; repayable at \$10,769 per month including interest at 3.61% per annum, compounded monthly, secured by ministerial loan guarantee.	<u>278,731</u>	<u>395,761</u>
	<u>\$ 3,001,990</u>	<u>\$ 3,411,699</u>

Principal repayment terms are approximately:

2019	\$ 278,034
2020	285,961
2021	195,892
2022	167,575
2023	171,318
Thereafter	<u>1,903,210</u>
	<u>\$ 3,001,990</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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 8	2 0 1 7
Amortization	\$ 482,750	\$ 493,438
Bank charges and interest	68,163	74,260
Compensation and benefits	2,153,326	1,799,648
Purchased goods and services	2,141,974	1,765,213
Social assistance	545,178	529,893
Support to community and members	180,306	158,771
Travel, accomodation, and related costs	362,744	307,052
Tuition	182,425	199,133
	<u>\$ 6,116,866</u>	<u>\$ 5,327,408</u>

11. RECONCILIATION OF FNIHB FUNDING

	2 0 1 8	2 0 1 7
FNIHB funding per financial statements	\$ 1,793,605	\$ 756,395
Less: Prior year deferred revenue	-	-
Add: Current year deferred revenue	-	-
FNIHB funding per funding confirmation	<u>\$ 1,793,605</u>	<u>\$ 756,395</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

12. RECONCILIATION OF INAC FUNDING

	2 0 1 8	2 0 1 7
Per INAC funding confirmation	\$ 5,762,366	\$ 6,647,518
Add: Prior year deferred revenue	6,569,678	4,435,811
Less: Current year deferred revenue	<u>(9,420,521)</u>	<u>(6,569,678)</u>
TOTAL INAC REVENUE PER FINANCIAL STATEMENTS	\$ <u>2,911,523</u>	\$ <u>4,513,651</u>

13. CONSTRUCTION IN PROCESS

	2 0 1 8	2 0 1 7
Lagoon Restoration project	\$ 5,549,539	\$ 5,467,310
Road and Bidges project	2,694,885	242,227
Soil Remediation project	644,036	485,993
Teacherage Residence project	<u>-</u>	<u>-</u>
	\$ <u>8,888,460</u>	\$ <u>6,195,530</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 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.

Claim has been filed with the Court of Queen's Bench by a vendor who commenced an action against the first Nation for the sum of \$228,520. The outcome of the claim was not certain as at March 31, 2018.

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, 2018

17. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total	Total
							2 0 1 8	2 0 1 7
Band buildings	\$ 5,728,377	\$	\$ 5,728,377	\$ 2,948,421	\$ 286,419	\$ 3,234,840	\$ 2,493,537	\$ 2,779,956
CMHC buildings	4,330,385		4,330,385	948,176	143,271	1,091,447	3,238,938	3,382,209
Waste transfer station	206,523		206,523	67,284	10,326	77,610	128,913	139,239
School buses	55,000		55,000	55,000		55,000		
Vehicles	27,617		27,617	11,047	5,524	16,571	11,046	16,570
Furniture and equipment	290,951		290,951	290,951		290,951		
Infrastructure	<u>1,116,300</u>	<u>-</u>	<u>1,116,300</u>	<u>876,408</u>	<u>37,210</u>	<u>913,618</u>	<u>202,682</u>	<u>239,892</u>
	<u>\$ 11,755,153</u>	<u>\$ -</u>	<u>\$ 11,755,153</u>	<u>\$ 5,197,287</u>	<u>\$ 482,750</u>	<u>\$ 5,680,037</u>	<u>\$ 6,075,116</u>	<u>\$ 6,557,866</u>

18. GOVERNMENT TRANSFERS

	2018		
	Operating	Capital	Total
Federal government transfers			
Indigenous and Northern Affairs Canada	\$ 2,737,785	\$ 3,024,581	\$ 5,762,366
First Nations and Inuit Health Branch	1,793,605		1,793,605
Canada Mortgage and Housing Corporation	178,012		178,012
Human Resources and Development Canada	<u>232,190</u>	<u>-</u>	<u>232,190</u>
	<u>\$ 4,941,592</u>	<u>\$ 3,024,581</u>	<u>\$ 7,966,173</u>

	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	756,395		756,395
Canada Mortgage and Housing Corporation	440,966		440,966
Human Resources and Development Canada	<u>157,670</u>	<u>12,682</u>	<u>170,352</u>
	<u>\$ 4,022,706</u>	<u>\$ 3,992,525</u>	<u>\$ 8,015,231</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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:

	Band Administration		Capital Projects		Community and Economic Development		Community Services		Community Wellness	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue										
Federal Government										
INAC	\$ 418,477	\$ 354,696	\$ 3,034,530	\$ 3,979,843	\$ 48,484	\$ 48,484	\$ 191,542	\$ 169,967	\$ 1,793,605	\$ 756,395
FNIHB										
Other	<u>143,112</u>	<u>355,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,793</u>
Subtotal	<u>561,589</u>	<u>710,566</u>	<u>3,034,530</u>	<u>3,979,843</u>	<u>48,484</u>	<u>48,484</u>	<u>191,542</u>	<u>169,967</u>	<u>1,793,605</u>	<u>761,188</u>
Deferred from prior year			6,569,678	4,435,811						
Deferred to next year	<u>-</u>	<u>-</u>	<u>(532,061)</u>	<u>(6,569,679)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>561,589</u>	<u>710,566</u>	<u>9,072,147</u>	<u>1,845,975</u>	<u>48,484</u>	<u>48,484</u>	<u>191,542</u>	<u>169,967</u>	<u>1,793,605</u>	<u>761,188</u>
Expenses										
Amortization			482,750	493,438						
Debt servicing	11,539	28,807	638							
Other	383,240	189,741	158,274	468,672	9,894	34,532	244,602	280,417	1,115,295	383,098
Salaries and benefits	<u>42,581</u>	<u>220,951</u>	<u>18,680</u>	<u>46,025</u>	<u>39,251</u>	<u>55,303</u>	<u>69,566</u>	<u>35,000</u>	<u>714,811</u>	<u>529,166</u>
Total expenses	<u>437,360</u>	<u>439,499</u>	<u>660,342</u>	<u>1,008,135</u>	<u>49,145</u>	<u>89,835</u>	<u>314,168</u>	<u>315,417</u>	<u>1,830,106</u>	<u>912,264</u>
Surplus (Deficit)	<u>\$ 124,229</u>	<u>\$ 271,067</u>	<u>\$ 8,411,805</u>	<u>\$ 837,840</u>	<u>\$ (661)</u>	<u>\$ (41,351)</u>	<u>\$ (122,626)</u>	<u>\$ (145,450)</u>	<u>\$ (36,501)</u>	<u>\$ (151,076)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

	Education		Employment Programs		Housing		Social Services		TOTAL	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
Revenue										
Federal Government										
INAC	\$ 1,565,045	\$ 1,672,681	\$	\$	\$	\$	\$ 504,288	\$ 421,847	\$ 5,762,366	\$ 6,647,518
FNIHB									1,793,605	756,395
CMHC					178,012	440,966			178,012	440,966
FPDI			232,190	170,352					232,190	170,352
Other	<u>12,090</u>	<u>10,450</u>	<u>-</u>	<u>-</u>	<u>198,729</u>	<u>177,920</u>	<u>-</u>	<u>(36,701)</u>	<u>353,931</u>	<u>512,332</u>
Subtotal	1,577,135	1,683,131	232,190	170,352	376,741	618,886	504,288	385,146	8,320,104	8,527,563
Deferred from prior year					58,563				6,628,241	4,435,811
Deferred to next year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,563)</u>	<u>-</u>	<u>-</u>	<u>(532,061)</u>	<u>(6,628,242)</u>
Total revenue	<u>1,577,135</u>	<u>1,683,131</u>	<u>232,190</u>	<u>170,352</u>	<u>435,304</u>	<u>560,323</u>	<u>504,288</u>	<u>385,146</u>	<u>14,416,284</u>	<u>6,335,132</u>
Expenses										
Amortization									482,750	493,438
Debt servicing		213			55,986	45,240			68,163	74,260
Other	854,268	1,031,674	127,678	112,603	98,871	73,787	420,505	385,538	3,412,627	2,960,062
Salaries and benefits	<u>968,196</u>	<u>665,550</u>	<u>137,800</u>	<u>74,658</u>	<u>37,768</u>	<u>28,640</u>	<u>124,673</u>	<u>144,355</u>	<u>2,153,326</u>	<u>1,799,648</u>
Total expenses	<u>1,822,464</u>	<u>1,697,437</u>	<u>265,478</u>	<u>187,261</u>	<u>192,625</u>	<u>147,667</u>	<u>545,178</u>	<u>529,893</u>	<u>6,116,866</u>	<u>5,327,408</u>
Surplus (Deficit)	<u>\$ (245,329)</u>	<u>\$ (14,306)</u>	<u>\$ (33,288)</u>	<u>\$ (16,909)</u>	<u>\$ 242,679</u>	<u>\$ 412,656</u>	<u>\$ (40,890)</u>	<u>\$ (144,747)</u>	<u>\$ 8,299,418</u>	<u>\$ 1,007,724</u>