

---

KINONJEOSHTEGON FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

---

# KINONJEOSHTEGON FIRST NATION

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

---

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

Councillor

Councillor

Councillor

**INDEPENDENT AUDITORS' REPORT**

To the Chief, Council and Membership  
Kinonjeoshtegon First Nation

**Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kinonjeoshtegon First Nation as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Basis for Opinion**

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

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Kinonjeoshtegon First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Kinonjeoshtegon First Nation or to cease operations, or has no realistic alternative but to do so.

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

*(continued.....)*

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kinonjeoshtegon First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kinonjeoshtegon First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Kinonjeoshtegon First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
November 4, 2020



# KINONJEOSHTEGON FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2019

2018

### FINANCIAL ASSETS

Cash	\$ 849,511	\$ 15,278
Restricted cash (Note 3)	90,655	245,520
Accounts receivable (Note 4)	<u>460,962</u>	<u>256,121</u>
	<u>1,401,128</u>	<u>516,919</u>

### LIABILITIES

Accounts payable and accrued liabilities (Note 5)	2,688,103	837,406
Deferred revenue (Note 6)	1,085,011	532,061
Long-term debt (Note 8)	2,715,046	3,001,990
CMHC advances payable (Note 9)	<u>395,045</u>	<u>-</u>
	<u>6,883,205</u>	<u>4,371,457</u>
NET DEBT	<u>( 5,482,077)</u>	<u>( 3,854,538)</u>

### NON-FINANCIAL ASSETS

TANGIBLE CAPITAL ASSETS (Note 18)	11,570,769	6,075,116
CONSTRUCTION IN PROCESS (Note 10)	<u>5,861,413</u>	<u>8,888,460</u>
	<u>17,432,182</u>	<u>14,963,576</u>
ACCUMULATED SURPLUS	\$ <u>11,950,105</u>	\$ <u>11,109,038</u>
CONTINGENCIES (Note 15)		

Approved by Chief and Council

Chief

Councillor

Councillor

Councillor

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2019	2018
<b>REVENUE</b>			
Indigenous Services Canada	\$ 5,308,704	\$ 5,308,704	\$ 5,762,366
First Nations and Inuit Health Branch	1,423,758	1,423,758	1,793,605
Canada Mortgage and Housing Corporation	218,987	218,987	178,012
Employment and Social Development Canada	234,951	234,951	232,190
Rental income	190,000	254,400	210,782
Other	345,844	935,853	143,149
Deferred from prior year		532,061	6,628,241
Deferred to subsequent year		( 1,085,011)	( 532,061)
Recoveries	-	( 69,416)	-
	<u>7,722,244</u>	<u>7,754,287</u>	<u>14,416,284</u>
<b>EXPENDITURES</b>			
Band Administration	462,823	443,692	437,360
Capital Projects	581,885	479,817	177,592
Community and Economic Development	62,000	62,614	49,145
Community Services	331,926	352,996	314,168
Community Wellness	2,048,795	2,170,106	1,830,106
Education	1,575,081	1,625,285	1,822,464
Employment and Training	356,653	334,462	265,478
Housing	170,000	87,656	192,625
Social Services	613,011	658,670	545,178
	<u>6,202,174</u>	<u>6,215,298</u>	<u>5,634,116</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	1,520,070	1,538,989	8,782,168
Amortization	( 690,000)	( 697,922)	( 482,750)
ANNUAL SURPLUS	830,070	841,067	8,299,418
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>11,109,038</u>	<u>11,109,038</u>	<u>2,809,620</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 11,939,108</u>	<u>\$ 11,950,105</u>	<u>\$ 11,109,038</u>

# KINONJEOSHTEGON FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2019	2018
ANNUAL SURPLUS	\$ 830,070	\$ 841,067	\$ 8,299,418
Acquisition of tangible capital assets	( 6,000,000)	( 6,193,575)	
Amortization of tangible capital assets	690,000	697,922	482,750
(Acquisition) use of construction in progress - net	3,000,000	3,027,047	( 2,692,930)
(Acquisition) use of prepaid expenses - net	-	-	6,317
	( 2,310,000)	( 2,468,606)	( 2,203,863)
CHANGE IN NET DEBT FOR YEAR	( 1,479,930)	( 1,627,539)	6,095,555
NET DEBT, <i>beginning of year</i>	( 3,854,538)	( 3,854,538)	( 9,950,093)
NET DEBT, <i>end of year</i>	\$( 5,334,468)	\$( 5,482,077)	\$( 3,854,538)



# KINONJEOSHTEGON FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2019	2018
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 8,102,396	\$ 9,129,265
Cash paid to suppliers	( 1,938,370)	( 3,863,693)
Cash paid to employees	( 2,360,132)	( 2,153,326)
Interest paid	( 66,099)	( 68,163)
	<u>3,737,795</u>	<u>3,044,083</u>
<i>INVESTING ACTIVITY</i>		
Purchase of tangible capital assets - net	( 3,166,528)	( 2,692,930)
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	395,045	
Repayment of long-term debt	( 286,944)	( 409,709)
	<u>108,101</u>	<u>( 409,709)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	679,368	( 58,556)
CASH, <i>beginning of year</i>	<u>260,798</u>	<u>319,354</u>
CASH, <i>end of year</i>	<u>\$ 940,166</u>	<u>\$ 260,798</u>
CASH COMPRISED OF		
Cash	\$ 849,511	\$ 15,278
Restricted cash	<u>90,655</u>	<u>245,520</u>
	<u>\$ 940,166</u>	<u>\$ 260,798</u>

# KINONJEOSHTEGON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

---

### 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, 2019

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, 2019

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
Works and infrastructure	20 to 40 years
Informatics hardware	2 to 5 years
Informatics software	1 to 10 years
Buildings	15 to 30 years
Motor vehicles	2 to 10 years
Machinery and equipment	5 to 15 years
Leasehold improvements	Shorter of lease term or useful life
Betterments	Shorter of useful life of betterment or asset

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

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

---

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, 2019

## 3. RESTRICTED CASH

	2019	2018
Ottawa Trust	\$ 5,620	\$ 5,494
CMHC Replacement Reserve	<u>85,035</u>	<u>240,026</u>
	<u>\$ 90,655</u>	<u>\$ 245,520</u>

## 4. ACCOUNTS RECEIVABLE

	2019	2018
Indigenous Services Canada	\$ 120,906	\$ 53,114
Canada Mortgage and Housing Corporation	<u>86,003</u>	
Trade receivables	<u>254,053</u>	<u>203,007</u>
	<u>\$ 460,962</u>	<u>\$ 256,121</u>

## 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade payables	\$ 2,643,760	\$ 770,923
First Nations and Inuit Health Branch		26,657
Indigenous Services Canada	<u>41,015</u>	<u>36,391</u>
CMHC accrued mortgage interest	<u>3,328</u>	<u>3,435</u>
	<u>\$ 2,688,103</u>	<u>\$ 837,406</u>

## 6. DEFERRED REVENUE

	2019	2018
Federal government		
ISC - Bridge replacements	\$ 485,901	\$ 176,557
ISC - Construction	<u>370,000</u>	
ISC - FIN Mgmt Gov Cap Dev	<u>199,110</u>	
ISC - Renovations	<u>30,000</u>	
ISC - Lagoon restoration		322,847
ISC - Soil remediation	<u>-</u>	<u>32,657</u>
	<u>\$ 1,085,011</u>	<u>\$ 532,061</u>

## 7. ECONOMIC DEPENDENCE

The government of Kinonjeoshtegon First Nation receives a major portion of its revenue from Indigenous Services 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, 2019

## 8. LONG TERM DEBT

	2019	2018
(1) Canada Mortgage and Housing Corporation; interest at 2.52% per annum, repayable at \$2,553 per month including interest; secured by loan guarantee from Indigenous Services Canada.	\$ 213,450	\$ 238,672
(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 Services Canada.	222,338	242,695
(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 Services Canada.	850,472	895,690
(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 Services Canada.	527,370	553,002
(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 Services Canada.	678,766	709,410
(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.	64,365	83,790
(8) Royal Bank of Canada term loan; repayable at \$10,769 per month including interest at 4.5% per annum, compounded monthly, secured by ministerial loan guarantee.	<u>158,285</u>	<u>278,731</u>
	<u>\$ 2,715,046</u>	<u>\$ 3,001,990</u>

Principal repayment terms are approximately:

2020	\$ 294,863
2021	207,111
2022	175,692
2023	156,845
2024	159,511
Thereafter	<u>1,721,024</u>
	<u>\$ 2,715,046</u>

## 9. CMHC ADVANCES PAYABLE

As of March 31, 2019, Canada Mortgage and Housing Corporation advanced \$395,045 of the total mortgage proceeds of \$1,580,178 towards the construction of two Section 95 Projects which were not completed as at March 31, 2019.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

## 10. CONSTRUCTION IN PROCESS

	2019	2018
Bridge replacement project	\$ 4,022,713	\$ 2,694,885
Lagoon Restoration project		5,549,539
Soil Remediation project		644,036
Water treatment plant project	356,450	
CMHC Section 95 housing 7	434,750	
CMHC Section 95 housing 8	<u>1,047,500</u>	<u>-</u>
	<u>\$ 5,861,413</u>	<u>\$ 8,888,460</u>

## 11. 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.

## 12. CONSOLIDATED EXPENSES BY OBJECT

	2019	2018
Amortization	\$ 697,922	\$ 482,750
Bank charges and interest	66,099	68,163
Compensation and benefits	2,360,132	2,153,326
Insurance	110,795	83,945
Professional fees	162,820	186,229
Purchased goods and services	1,496,989	1,428,094
Repairs and maintenance	553,141	443,706
Social assistance	530,304	545,178
Support to community and members	185,999	180,306
Travel, accommodation, and related costs	585,799	362,744
Tuition	<u>163,220</u>	<u>182,425</u>
	<u>\$ 6,913,220</u>	<u>\$ 6,116,866</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

## 13. RECONCILIATION OF FNIHB FUNDING

	2019	2018
FNIHB funding per financial statements	\$ <u>1,423,758</u>	\$ <u>1,793,605</u>
FNIHB funding per funding confirmation	\$ <u>1,423,758</u>	\$ <u>1,793,605</u>

## 14. RECONCILIATION OF ISC FUNDING

	2019	2018
ISC funding per financial statements	\$ <u>5,308,704</u>	\$ <u>5,762,366</u>
ISC funding per funding confirmation	\$ <u>5,308,704</u>	\$ <u>5,762,366</u>

## 15. 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 \$177,671. The outcome of the claim was not certain as at March 31, 2019.

## 16. COMPARATIVE FIGURES

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

## 17. 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, 2019

## 18. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total	Total
							2019	2018
Band buildings	\$ 5,728,377	\$	\$ 5,728,377	\$ 3,234,840	\$ 286,419	\$ 3,521,259	\$ 2,207,118	\$ 2,493,537
CMHC buildings	4,330,385		4,330,385	1,091,447	151,991	1,243,438	3,086,947	3,238,938
Waste transfer station	206,523		206,523	77,610	10,326	87,936	118,587	128,913
School buses	55,000		55,000	55,000		55,000		
Vehicles	27,617		27,617	16,571	5,523	22,094	5,523	11,046
Furniture and equipment	290,951		290,951	290,951		290,951		
Infrastructure	<u>1,116,300</u>	<u>6,193,575</u>	<u>7,309,875</u>	<u>913,618</u>	<u>243,663</u>	<u>1,157,281</u>	<u>6,152,594</u>	<u>202,682</u>
	<u>\$ 11,755,153</u>	<u>\$ 6,193,575</u>	<u>\$ 17,948,728</u>	<u>\$ 5,680,037</u>	<u>\$ 697,922</u>	<u>\$ 6,377,959</u>	<u>\$ 11,570,769</u>	<u>\$ 6,075,116</u>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2019**

---

**19. SUBSEQUENT EVENT****COVID-19**

During our audit of the fiscal year under the examination, and before the date of our report, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies around the world resulting in economic downturn. This outbreak may also cause staff shortages, increased government regulations or interventions, all of which may negatively impact the financial condition and/or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and the severity of these developments.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

## 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue										
Federal Government										
INAC	\$ 667,329	\$ 418,477	\$ 2,456,154	\$ 3,034,530	\$ 61,472	\$ 48,484	\$ 154,736	\$ 191,542	\$ 1,423,758	\$ 1,793,605
FNIHB										
Other	<u>935,814</u>	<u>143,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,657)</u>	<u>-</u>
Subtotal	<u>1,603,143</u>	<u>561,589</u>	<u>2,456,154</u>	<u>3,034,530</u>	<u>61,472</u>	<u>48,484</u>	<u>154,736</u>	<u>191,542</u>	<u>1,397,101</u>	<u>1,793,605</u>
Deferred from prior year			532,061	6,569,678						
Deferred to next year	<u>-</u>	<u>-</u>	<u>(885,901)</u>	<u>(532,061)</u>	<u>(199,110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,603,143</u>	<u>561,589</u>	<u>2,102,314</u>	<u>9,072,147</u>	<u>(137,638)</u>	<u>48,484</u>	<u>154,736</u>	<u>191,542</u>	<u>1,397,101</u>	<u>1,793,605</u>
Expenses										
Amortization			697,922	482,750						
Debt servicing	11,800	12,177								
Other	202,777	383,240	418,251	158,274	62,614	9,894	273,929	244,602	1,304,823	1,115,295
Salaries and benefits	<u>216,810</u>	<u>42,581</u>	<u>61,566</u>	<u>18,680</u>	<u>-</u>	<u>39,251</u>	<u>79,068</u>	<u>69,566</u>	<u>865,090</u>	<u>714,811</u>
Total expenses	<u>431,387</u>	<u>437,998</u>	<u>1,177,739</u>	<u>659,704</u>	<u>62,614</u>	<u>49,145</u>	<u>352,997</u>	<u>314,168</u>	<u>2,169,913</u>	<u>1,830,106</u>
Surplus (Deficit)	<u>\$ 1,171,756</u>	<u>\$ 123,591</u>	<u>\$ 924,575</u>	<u>\$ 8,412,443</u>	<u>\$ (200,252)</u>	<u>\$ (661)</u>	<u>\$ (198,261)</u>	<u>\$ (122,626)</u>	<u>\$ (772,812)</u>	<u>\$ (36,501)</u>

# KINONJEOSHTEGON FIRST NATION

Page 12

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2019**

	Education		Employment and Training		Housing		Social Services		TOTAL	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue										
Federal Government										
INAC	\$ 1,499,210	\$ 1,565,045	\$	\$	\$	\$	\$ 469,803	\$ 504,288	\$ 5,308,704	\$ 5,762,366
FNIHB									1,423,758	1,793,605
CMHC					218,987	178,012			218,987	178,012
FPDI			234,951	232,190					234,951	232,190
Other	<u>8,680</u>	<u>12,090</u>	<u>-</u>	<u>-</u>	<u>229,987</u>	<u>198,729</u>	<u>(26,987)</u>	<u>-</u>	<u>1,120,837</u>	<u>353,931</u>
Subtotal	1,507,890	1,577,135	234,951	232,190	448,974	376,741	442,816	504,288	8,307,237	8,320,104
Deferred from prior year						58,563			532,061	6,628,241
Deferred to next year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,085,011)</u>	<u>(532,061)</u>
Total revenue	<u>1,507,890</u>	<u>1,577,135</u>	<u>234,951</u>	<u>232,190</u>	<u>448,974</u>	<u>435,304</u>	<u>442,816</u>	<u>504,288</u>	<u>7,754,287</u>	<u>14,416,284</u>
Expenses										
Amortization									697,922	482,750
Debt servicing					54,299	55,986			66,099	68,163
Other	745,271	854,268	194,878	127,678	44,738	98,871	541,786	420,505	3,789,067	3,412,627
Salaries and benefits	<u>880,011</u>	<u>968,196</u>	<u>139,585</u>	<u>137,800</u>	<u>1,119</u>	<u>37,768</u>	<u>116,883</u>	<u>124,673</u>	<u>2,360,132</u>	<u>2,153,326</u>
Total expenses	<u>1,625,282</u>	<u>1,822,464</u>	<u>334,463</u>	<u>265,478</u>	<u>100,156</u>	<u>192,625</u>	<u>658,669</u>	<u>545,178</u>	<u>6,913,220</u>	<u>6,116,866</u>
Surplus (Deficit)	<u>\$ ( 117,392)</u>	<u>\$ ( 245,329)</u>	<u>\$ ( 99,512)</u>	<u>\$ ( 33,288)</u>	<u>\$ 348,818</u>	<u>\$ 242,679</u>	<u>\$ ( 215,853)</u>	<u>\$ ( 40,890)</u>	<u>\$ 841,067</u>	<u>\$ 8,299,418</u>