
KINONJEOSHTEGON FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2020

KINONJEOSHTEGON FIRST NATION

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MARCH 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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


The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the 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 fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Management reviews the First Nation's 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 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

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INDEPENDENT AUDITOR'S 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, 2020, and the statements of operations, 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, 2020, 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.....)

Auditor's 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
April 1, 2022

KINONJEOSHTEGON FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2020	2019
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FINANCIAL ASSETS

Cash	\$ 411,810	\$ 849,511
Restricted cash (Note 3)	180,713	90,655
Accounts receivable (Note 4)	<u>491,572</u>	<u>460,962</u>
	<u>1,084,095</u>	<u>1,401,128</u>


LIABILITIES

Accounts payable and accrued liabilities (Note 5)	2,044,949	2,688,103
Deferred revenue (Note 6)	478,000	1,085,011
Long-term debt (Note 8)	2,422,161	2,715,046
CMHC advances payable (Note 9)	<u>1,135,397</u>	<u>395,045</u>
	<u>6,080,507</u>	<u>6,883,205</u>
NET DEBT	<u>(4,996,412)</u>	<u>(5,482,077)</u>

NON-FINANCIAL ASSETS

TANGIBLE CAPITAL ASSETS (Note 18)	12,023,881	11,570,769
CONSTRUCTION IN PROCESS (Note 10)	<u>5,913,038</u>	<u>5,861,413</u>
	<u>17,936,919</u>	<u>17,432,182</u>
ACCUMULATED SURPLUS	<u>\$ 12,940,507</u>	<u>\$ 11,950,105</u>
CONTINGENCIES (Note 14)		

Approved by Chief and Council


.....
Chief
.....
Councillor
.....
Councillor
.....
Councillor

KINONJEOSHTEGON FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 0	2 0 1 9
REVENUE			
Indigenous Services Canada	\$ 7,512,534	\$ 7,512,434	\$ 6,732,462
Canada Mortgage and Housing Corporation	172,006	172,006	218,987
Employment and Social Development Canada	241,801	241,801	234,951
Rental Income	250,000	286,479	254,400
Other	560,000	559,968	935,853
Deferred from prior year	1,085,011	1,085,011	532,061
Deferred to subsequent year	(478,000)	(478,000)	(1,085,011)
Recoveries	-	(40,000)	(69,416)
	<u>9,343,352</u>	<u>9,339,699</u>	<u>7,754,287</u>
EXPENDITURES			
Band Administration	638,917	592,325	443,692
Capital Projects	2,203,951	2,111,778	1,177,739
Community and Economic Development	48,500	39,527	62,614
Community Services	554,914	521,453	352,996
Community Wellness	2,351,985	2,160,272	2,170,106
Education	1,763,764	1,766,360	1,625,285
Social Services	594,889	350,738	334,462
Employment and Training	271,000	177,326	87,656
Housing	650,000	629,518	658,670
	<u>9,077,920</u>	<u>8,349,297</u>	<u>6,913,220</u>
ANNUAL SURPLUS	<u>265,432</u>	<u>990,402</u>	<u>841,067</u>
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>11,950,105</u>	<u>11,950,105</u>	<u>11,109,038</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 12,215,537</u>	<u>\$ 12,940,507</u>	<u>\$ 11,950,105</u>

KINONJEOSHTEGON FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 0	2 0 1 9
Annual surplus	\$ <u>265,432</u>	\$ <u>990,402</u>	\$ <u>841,067</u>
Acquisition of tangible capital assets	(1,250,000)	(1,251,895)	(6,193,575)
Amortization of tangible capital assets	750,000	798,783	697,922
Acquisition of construction in progress - net	(<u>51,500</u>)	(<u>51,625</u>)	<u>3,027,047</u>
	(<u>551,500</u>)	(<u>504,737</u>)	(<u>2,468,606</u>)
CHANGE IN NET DEBT FOR YEAR	(286,068)	485,665	(1,627,539)
NET DEBT, <i>beginning of year</i>	(<u>5,482,077</u>)	(<u>5,482,077</u>)	(<u>3,854,538</u>)
NET DEBT, <i>end of year</i>	\$ (<u>5,768,145</u>)	\$ (<u>4,996,412</u>)	\$ (<u>5,482,077</u>)

KINONJEOSHTEGON FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2020	2019
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 8,702,078	\$ 8,102,396
Cash paid to suppliers	(5,721,401)	(1,938,370)
Cash paid to employees	(2,371,503)	(2,360,132)
Interest paid	(100,764)	(66,099)
	<u>508,410</u>	<u>3,737,795</u>
<i>INVESTING ACTIVITY</i>		
Purchase of tangible capital assets - net	(1,303,520)	(3,166,528)
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	740,352	395,045
Repayment of long-term debt	(292,885)	(286,944)
	<u>447,467</u>	<u>108,101</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	(347,643)	679,368
CASH, <i>beginning of year</i>	<u>940,166</u>	<u>260,798</u>
CASH, <i>end of year</i>	<u>\$ 592,523</u>	<u>\$ 940,166</u>
<i>CASH COMPRISED OF</i>		
Cash	\$ 411,810	\$ 849,511
Restricted cash	<u>180,713</u>	<u>90,655</u>
	<u>\$ 592,523</u>	<u>\$ 940,166</u>

KINONJEOSHTEGON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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 include the following 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, 2020

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, 2020

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

MARCH 31, 2020

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, 2020 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, 2020

3. RESTRICTED CASH

	2 0 2 0	2 0 1 9
Ottawa Trust	\$ 5,710	\$ 5,619
CMHC Replacement Reserve	<u>175,003</u>	<u>85,035</u>
	<u>\$ 180,713</u>	<u>\$ 90,654</u>

4. ACCOUNTS RECEIVABLE

	2 0 2 0	2 0 1 9
Indigenous Services Canada	\$ 229,027	\$ 120,906
Canada Mortgage and Housing Corporation	89,104	86,003
Trade receivables	<u>264,281</u>	<u>254,053</u>
	582,412	460,962
Less: allowance for doubtful accounts	(90,840)	-
	<u>\$ 491,572</u>	<u>\$ 460,962</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 0	2 0 1 9
Trade payables	\$ 1,970,388	\$ 2,643,760
Indigenous Services Canada	71,455	41,015
CMHC accrued mortgage interest	<u>3,106</u>	<u>3,328</u>
	<u>\$ 2,044,949</u>	<u>\$ 2,688,103</u>

6. DEFERRED REVENUE

	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Bridge replacements		485,901
Housing renovation and repair	275,000	370,000
FIN Mgmt Gov. Cap. Dev.	203,000	199,110
Renovations	<u>-</u>	<u>30,000</u>
	<u>\$ 478,000</u>	<u>\$ 1,085,011</u>

7. ECONOMIC DEPENDENCE

The government of Kinonjeoshtegon First Nation receives a major portion of its revenue from Indigenous Services Canada. 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, 2020

8. LONG TERM DEBT

	2 0 2 0	2 0 1 9
(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.	\$ 187,887	\$ 213,450
(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.	201,597	222,338
(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.	804,771	850,472
(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.	501,387	527,370
(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.	647,576	678,766
(6) Peace Hills Trust mortgage; repayable at \$1,836 per month plus interest at 3.50% per annum, compounded semi-annually, secured by ministerial guarantee.	63,400	64,365
(7) 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>15,543</u>	<u>158,285</u>
	<u>\$ 2,422,161</u>	<u>\$ 2,715,046</u>

Principal repayment terms are approximately:

2021	\$ 187,334
2022	175,078
2023	178,437
2024	160,337
2025	162,228
Thereafter	<u>1,558,747</u>
	<u>\$ 2,422,161</u>

9. CMHC ADVANCE PAYABLE

As of March 31, 2020, Canada Mortgage and Housing Corporation advanced \$1,135,397 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, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

10. CONSTRUCTION IN PROGRESS

	2 0 2 0	2 0 1 9
Bridge replacement project	\$ 4,022,712	\$ 4,022,713
Water treatment plant project	402,600	356,450
CMHC Section 95 housing 7	1,052,976	434,750
CMHC Section 95 housing 8	<u>434,750</u>	<u>1,047,500</u>
	<u>\$ 5,913,038</u>	<u>\$ 5,861,413</u>

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

12. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 0	2 0 1 9
Amortization	\$ 798,783	\$ 697,922
Bank charges and interest	100,764	66,099
Compensation and benefits	2,371,503	2,360,132
Insurance	104,345	110,795
Professional fees	392,773	162,820
Supplies and services	2,724,383	1,496,989
Repair and maintenance	342,108	553,141
Social assistance	418,644	530,304
Support to community and members	507,040	185,999
Travel, accommodation, and related costs	408,732	585,799
Tuition	<u>180,222</u>	<u>163,220</u>
	<u>\$ 8,349,297</u>	<u>\$ 6,913,220</u>

13. RECONCILIATION OF ISC FUNDING

	2 0 2 0	2 0 1 9
ISC funding per funding confirmation	\$ <u>7,512,434</u>	\$ <u>6,732,462</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.

A claim has been filed with the Court of Queen's Bench by A. D. Hanslip Excavating & Demolition who commenced an action against the first Nation for the sum of \$228,520. The outcome of these claims was not certain as at March 31, 2020.

Another claim has been filed with the Court of Queen's Bench by Sundance Construction & Safety Consulting Inc. who commenced an action against the first Nation for the amount of \$140,488. The outcome of these claims was not certain as at March 31, 2020.

15. COMPARATIVE FIGURES

Certain prior year comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2020**

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.

17. SUBSEQUENT EVENT**COVID-19**

Since March 31, 2020, 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.

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MARCH 31, 2020

18. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	March 31, 2020	March 31, 2019
Band buildings	\$ 5,728,377	\$ 944,000	\$ 6,672,377	\$ 3,521,259	\$ 333,617	\$ 3,854,876	\$ 2,817,501	\$ 2,207,118
CMHC buildings	4,330,385		4,330,385	1,243,438	149,179	1,392,617	2,937,768	3,086,947
Waste transfer station	206,523		206,523	87,936	10,326	98,262	108,261	118,587
School buses	55,000		55,000	55,000		55,000		
Vehicles	27,617	269,606	297,223	22,094	59,445	81,539	215,684	5,523
Furniture and equipment	290,951	38,289	329,240	290,951	2,553	293,504	35,736	
Infrastructure	7,309,875	-	7,309,875	1,157,281	243,663	1,400,944	5,908,931	6,152,594
	<u>\$ 17,948,728</u>	<u>\$ 1,251,895</u>	<u>\$ 19,200,623</u>	<u>\$ 6,377,959</u>	<u>\$ 798,783</u>	<u>\$ 7,176,742</u>	<u>\$ 12,023,881</u>	<u>\$ 11,570,769</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

19. SEGMENTED DISCLOSURE

Kinonjeoshtegon First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. 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:

	ADMINISTRATION		CAPITAL PROJECTS		COMMUNITY AND ECONOMIC DEVELOPMENT		COMMUNITY SERVICES		COMMUNITY WELLNESS	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues										
Federal Government										
ISC	\$ 642,250	\$ 667,329	\$ 1,590,550	\$ 2,456,154	\$ 48,484	\$ 61,472	\$ 497,040	\$ 154,736	\$ 2,333,188	\$ 1,423,758
Others	<u>400,106</u>	<u>935,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,657)</u>
Subtotal	1,042,356	1,603,143	1,590,550	2,456,154	48,484	61,472	497,040	154,736	2,333,188	1,397,101
Deferred from prior year	199,110		885,901	532,061						
Deferred to next year	<u>(203,000)</u>	<u>(199,110)</u>	<u>(275,000)</u>	<u>(885,901)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,038,466</u>	<u>1,404,033</u>	<u>2,201,451</u>	<u>2,102,314</u>	<u>48,484</u>	<u>61,472</u>	<u>497,040</u>	<u>154,736</u>	<u>2,333,188</u>	<u>1,397,101</u>
Expenditures										
Amortization			798,783	697,922						
Debt servicing	28,984	11,800								
Other	288,821	215,082	1,278,849	418,251	39,527	62,614	437,062	273,928	1,352,858	1,305,016
Salaries	<u>274,520</u>	<u>216,810</u>	<u>34,146</u>	<u>61,566</u>	<u>-</u>	<u>-</u>	<u>84,391</u>	<u>79,068</u>	<u>807,414</u>	<u>865,090</u>
Total expenditures	<u>592,325</u>	<u>443,692</u>	<u>2,111,778</u>	<u>1,177,739</u>	<u>39,527</u>	<u>62,614</u>	<u>521,453</u>	<u>352,996</u>	<u>2,160,272</u>	<u>2,170,106</u>
Surplus (Deficit)	\$ <u>446,141</u>	\$ <u>960,341</u>	\$ <u>89,673</u>	\$ <u>924,575</u>	\$ <u>8,957</u>	\$ <u>(1,142)</u>	\$ <u>(24,413)</u>	\$ <u>(198,260)</u>	\$ <u>172,916</u>	\$ <u>(773,005)</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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19. SEGMENTED DISCLOSURE (continued)

	EDUCATION		SOCIAL SERVICES		EMPLOYMENT AND TRAINING		HOUSING		TOTAL	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues										
Federal Government										
ISC	\$1,760,012	\$1,499,210	\$	\$	\$	\$	\$ 640,910	\$ 469,803	\$ 7,512,434	\$ 6,732,462
CMHC					172,006	218,987			172,006	218,987
ESDC			361,644	234,951					361,644	234,951
Other	<u>18,450</u>	<u>8,680</u>	<u>-</u>	<u>-</u>	<u>268,048</u>	<u>229,987</u>	<u>-</u>	<u>(26,987)</u>	<u>686,604</u>	<u>1,120,837</u>
Subtotal	<u>1,778,462</u>	<u>1,507,890</u>	<u>361,644</u>	<u>234,951</u>	<u>440,054</u>	<u>448,974</u>	<u>640,910</u>	<u>442,816</u>	<u>8,732,688</u>	<u>8,307,237</u>
Deferred from prior year									1,085,011	532,061
Deferred to next year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(478,000)</u>	<u>(1,085,011)</u>
Total revenue	<u>1,778,462</u>	<u>1,507,890</u>	<u>361,644</u>	<u>234,951</u>	<u>440,054</u>	<u>448,974</u>	<u>640,910</u>	<u>442,816</u>	<u>9,339,699</u>	<u>7,754,287</u>
Expenditures										
Amortization									798,783	697,922
Debt servicing					71,780	54,299			100,764	66,099
Other	870,507	745,274	206,014	194,877	105,546	32,238	499,063	541,787	5,078,247	3,789,067
Salaries	<u>895,853</u>	<u>880,011</u>	<u>144,724</u>	<u>139,585</u>	<u>-</u>	<u>1,119</u>	<u>130,455</u>	<u>116,883</u>	<u>2,371,503</u>	<u>2,360,132</u>
Total expenditures	<u>1,766,360</u>	<u>1,625,285</u>	<u>350,738</u>	<u>334,462</u>	<u>177,326</u>	<u>87,656</u>	<u>629,518</u>	<u>658,670</u>	<u>8,349,297</u>	<u>6,913,220</u>
Surplus (Deficit)	<u>\$ 12,102</u>	<u>\$ (117,395)</u>	<u>\$ 10,906</u>	<u>\$ (99,511)</u>	<u>\$ 262,728</u>	<u>\$ 361,318</u>	<u>\$ 11,392</u>	<u>\$ (215,854)</u>	<u>\$ 990,402</u>	<u>\$ 841,067</u>