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KINONJEOSHTEGON FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2021

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**KINONJEOSHTEGON FIRST NATION**  
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**MARCH 31, 2021**

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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.

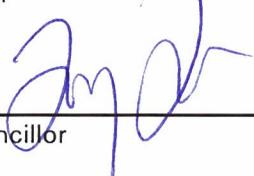
The consolidated financial statements have been audited by Baker Tilly HMA LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Baker Tilly HMA LLP has full and free access to the Management and Chief and Council.



Chief



Councillor



Councillor



Councillor

**INDEPENDENT AUDITOR'S REPORT**

**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](http://www.bakertilly.ca)

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, 2021, 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, 2021, 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 11, 2023

# KINONJEOSHTEGON FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

2021

2020

### FINANCIAL ASSETS

Cash	\$ 5,517,551	\$ 411,810
Restricted cash (Note 3)	301,745	180,713
Accounts receivable (Note 4)	<u>557,376</u>	<u>491,572</u>
	<u>6,376,672</u>	<u>1,084,095</u>

### LIABILITIES

Accounts payable and accrued liabilities (Note 5)	1,176,320	2,044,949
Deferred revenue (Note 6)	5,147,130	478,000
Long-term debt (Note 8)	3,267,772	2,422,161
CMHC advances payable (Note 9)	<u>423,890</u>	<u>1,135,397</u>
	<u>10,015,112</u>	<u>6,080,507</u>
NET DEBT	<u>( 3,638,440)</u>	<u>( 4,996,412)</u>

### NON-FINANCIAL ASSETS

TANGIBLE CAPITAL ASSETS (Note 18)	16,416,455	12,023,881
CONSTRUCTION IN PROCESS (Note 10)	<u>4,529,553</u>	<u>5,913,038</u>
	<u>20,946,008</u>	<u>17,936,919</u>
ACCUMULATED SURPLUS	<u>\$ 17,307,568</u>	<u>\$ 12,940,507</u>
CONTINGENCIES (Note 14)		

Approved by Chief and Council

Chief

Roddy Thomas

Councillor

J. M.

Councillor

Vicki Thomas

Councillor

# KINONJEOSHTEGON FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2021	2020
<b>REVENUE</b>			
Indigenous Services Canada	\$ 15,079,270	\$ 15,079,270	\$ 7,512,434
Canada Mortgage and Housing Corporation	243,886	243,886	172,006
Employment and Social Development Canada	204,755	204,755	241,801
Rental Income	352,000	351,802	286,479
Other	1,313,000	1,613,695	559,968
Deferred from prior year	478,000	478,000	1,085,011
Deferred to subsequent year	( 5,147,130)	( 5,147,130)	( 478,000)
Recoveries	( 1,764)	( 1,764)	( 40,000)
	<u>12,522,017</u>	<u>12,822,514</u>	<u>9,339,699</u>
<b>EXPENDITURES</b>			
Band Administration	1,108,644	1,103,646	592,325
Capital Projects	725,698	722,856	2,111,778
Community and Economic Development	89,650	69,309	39,527
Community Services	824,514	1,194,195	521,453
Community Wellness	2,514,922	2,541,191	2,160,272
Education	1,748,926	1,766,989	1,766,360
Social Services	720,040	706,854	629,518
Employment and Training	204,000	194,450	350,738
Housing	<u>187,500</u>	<u>155,963</u>	<u>177,326</u>
	<u>8,123,894</u>	<u>8,455,453</u>	<u>8,349,297</u>
ANNUAL SURPLUS	<u>4,398,123</u>	<u>4,367,061</u>	<u>990,402</u>
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>12,940,507</u>	<u>12,940,507</u>	<u>11,950,105</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 17,338,630</u>	<u>\$ 17,307,568</u>	<u>\$ 12,940,507</u>

# KINONJEOSHTEGON FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2021	2020
Annual surplus	\$ 4,398,123	\$ 4,367,061	\$ 990,402
Acquisition of tangible capital assets and CIP - net	( 4,000,000)	( 4,000,863)	( 1,303,520)
Amortization of tangible capital assets	991,000	991,774	798,783
	( 3,009,000)	( 3,009,089)	( 504,737)
CHANGE IN NET DEBT FOR YEAR	1,389,123	1,357,972	485,665
NET DEBT, <i>beginning of year</i>	( 4,996,412)	( 4,996,412)	( 5,482,077)
NET DEBT, <i>end of year</i>	\$ ( 3,607,289)	\$ ( 3,638,440)	\$ ( 4,996,412)

# KINONJEOSHTEGON FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

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### OPERATING ACTIVITIES

Cash receipts from funding agencies and other sources	\$ 17,425,840	\$ 8,702,078
Cash paid to suppliers	( 5,072,160)	( 5,721,401)
Cash paid to employees	( 3,022,090)	( 2,371,503)
Interest paid	( 76,398)	( 100,764)
	<u>9,255,192</u>	<u>508,410</u>

### INVESTING ACTIVITY

Acquisition of tangible capital assets and CIP - net	( 4,000,863)	( 1,303,520)
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### FINANCING ACTIVITIES

Proceeds from long-term debt	294,136	740,352
Repayment of long-term debt	( 321,692)	( 292,885)
	<u>( 27,556)</u>	<u>447,467</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	5,226,773	( 347,643)
CASH, <i>beginning of year</i>	<u>592,523</u>	<u>940,166</u>
CASH, <i>end of year</i>	<u>\$ 5,819,296</u>	<u>\$ 592,523</u>

### CASH COMPRISED OF

Cash	\$ 5,517,551	\$ 411,810
Restricted cash	301,745	180,713
	<u>\$ 5,819,296</u>	<u>\$ 592,523</u>

# KINONJEOSHTEGON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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### 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, 2021****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, 2021

### 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, 2021****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, 2021

## 3. RESTRICTED CASH

	2 0 2 1	2 0 2 0
Ottawa Trust	\$ 5,710	\$ 5,710
CMHC Replacement Reserve	<u>296,035</u>	<u>175,003</u>
	<u><u>\$ 301,745</u></u>	<u><u>\$ 180,713</u></u>

## 4. ACCOUNTS RECEIVABLE

	2 0 2 1	2 0 2 0
Indigenous Services Canada	\$ 278,701	\$ 229,027
Canada Mortgage and Housing Corporation	191,593	89,104
First Peoples Development Inc.	13,649	
Trade receivables	<u>73,433</u>	<u>173,441</u>
	<u><u>557,376</u></u>	<u><u>491,572</u></u>

## 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 1	2 0 2 0
Trade payables	\$ 1,099,710	\$ 1,970,388
Indigenous Services Canada	73,219	71,455
CMHC accrued mortgage interest	<u>3,391</u>	<u>3,106</u>
	<u><u>\$ 1,176,320</u></u>	<u><u>\$ 2,044,949</u></u>

## 6. DEFERRED REVENUE

	2 0 2 1	2 0 2 0
Indigenous Services Canada:		
Water treatment plant	3,098,700	
Emergency response	350,000	
Facility operations and maintenance	278,500	
Child and family services	231,703	
Post secondary	188,500	
Housing renovation and repair	159,350	275,000
Financial management governance capacity development	196,300	203,000
Jordan's principle	152,000	
Instructional services	144,000	
Student accommodation services	67,700	
Preparedness / Mitigation	59,179	
Capacity building	45,000	
Service delivery	37,200	
Leadership governance capacity development	35,000	
First Nation school second level	23,500	
Safe restart - reno / addition	22,332	
Roads and bridges	21,800	
Safe restart - band office and building	18,249	
Skills link program	<u>18,117</u>	<u>-</u>
	<u><u>\$ 5,147,130</u></u>	<u><u>\$ 478,000</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2021****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.

**8. LONG TERM DEBT**

	2 0 2 1	2 0 2 0
(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.	\$ 161,654	\$ 187,887
(2) Canada Mortgage and Housing Corporation; interest at 0.46% per annum repayable at \$1,950 per month including interest; secured by loan guarantee from Indigenous Services Canada.	180,029	201,597
(3) Canada Mortgage and Housing Corporation; interest at 0.27% per annum repayable at \$4,302 per month including interest; secured by loan guarantee from Indigenous Services Canada.	758,521	804,771
(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.	474,994	501,387
(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.	615,749	647,576
(6) Canada Mortgage and Housing Corporation; interest at 0.80% per annum repayable at \$6,558 per month including interest; secured by loan guarantee from Indigenous Services Canada.	1,053,798	
(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.	23,027	63,400
(8) Royal Bank of Canada term loan; repaid during the year.	-	15,543
	<u><b>\$ 3,267,772</b></u>	<u><b>\$ 2,422,161</b></u>

Principal repayment terms are approximately:

2022	\$ 248,649
2023	228,582
2024	231,585
2025	234,632
2026	237,724
Thereafter	<u>2,086,600</u>
	<u><b>\$ 3,267,772</b></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

## 9. CMHC ADVANCE PAYABLE

As of March 31, 2021, Canada Mortgage and Housing Corporation advanced \$423,890 of the total mortgage proceeds of \$468,006 towards the construction of a Section 95 Project which was not completed as at March 31, 2021.

## 10. CONSTRUCTION IN PROGRESS

	2 0 2 1	2 0 2 0
Bridge replacement project	\$ 4,022,712	\$ 4,022,712
Water treatment plant project	4,060,528	402,600
CMHC Section 95 housing 7		1,052,976
CMHC Section 95 housing 8	<u>469,025</u>	<u>434,750</u>
	<u><u>\$ 4,529,553</u></u>	<u><u>\$ 5,913,038</u></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, 2021****12. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	2 0 2 1	2 0 2 0
Amortization	\$ 991,774	\$ 798,783
Bank charges and interest	76,398	100,764
Compensation and benefits	3,022,090	2,371,503
Insurance	151,192	104,345
Professional fees	747,896	392,773
Supplies and services	2,029,892	2,724,383
Repair and maintenance	270,352	342,108
Social assistance	478,768	418,644
Support to community and members	235,634	507,040
Travel, accommodation, and related costs	366,540	408,732
Tuition	<u>84,917</u>	<u>180,222</u>
	<u><u>\$ 8,455,453</u></u>	<u><u>\$ 8,349,297</u></u>

**13. RECONCILIATION OF ISC FUNDING**

	2 0 2 1	2 0 2 0
ISC funding per funding confirmation	<u><u>\$15,079,270</u></u>	<u><u>\$ 7,512,434</u></u>
TOTAL ISC REVENUE PER FINANCIAL STATEMENTS	<u><u>\$15,079,270</u></u>	<u><u>\$ 7,512,434</u></u>

**14. CONTINGENCIES**

Kinonjeoshtegon First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In 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 amount of \$89,356. The outcome of this claim was not certain as at March 31, 2021.

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, 2021.

**15. COMPARATIVE FIGURES**

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

**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, 2021, 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 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, 2021**

**18. TANGIBLE CAPITAL ASSETS**

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	March 31, 2021	March 31, 2020
Band buildings	\$ 6,672,377	\$ 1,156,131	\$ 6,672,377	\$ 3,854,876	\$ 333,619	\$ 4,188,495	\$ 2,483,882	\$ 2,817,501
CMHC buildings	4,330,385		5,486,516	1,392,617	209,024	1,601,641	3,884,875	2,937,768
Waste transfer station	206,523		206,523	98,262	10,326	108,588	97,935	108,261
School buses	55,000		55,000	55,000		55,000		
Vehicles	297,223		324,841	81,539	53,921	163,078	161,763	215,684
Furniture and equipment	329,240		329,240	293,504	21,949	315,453	13,787	35,736
Infrastructure	7,309,875	4,022,712	11,332,587	1,400,944	345,952	1,746,896	9,585,691	5,908,931
Boats and component parts		107,006	107,006		7,133	7,133	99,872	
Heavy equipment	-	98,500	98,500	-	9,850	9,850	88,650	-
	<u>\$ 19,200,623</u>	<u>\$ 5,384,349</u>	<u>\$ 24,612,590</u>	<u>\$ 7,176,742</u>	<u>\$ 991,774</u>	<u>\$ 8,196,134</u>	<u>\$ 16,416,455</u>	<u>\$ 12,023,881</u>

# KINONJEOSHTEGON FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>										
Federal Government										
ISC	\$ 1,200,196	\$ 642,250	\$ 7,116,752	\$ 1,590,550	\$ 89,639	\$ 48,484	\$ 1,206,947	\$ 497,040	\$ 2,945,155	\$ 2,333,188
Others	<u>1,603,677</u>	<u>400,106</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,764)</u>	<u>—</u>
Subtotal	2,803,873	1,042,356	7,116,752	1,590,550	89,639	48,484	1,206,947	497,040	2,943,391	2,333,188
Deferred from prior year	203,000	199,110	275,000	885,901						
Deferred to next year	<u>(562,763)</u>	<u>(203,000)</u>	<u>(3,258,050)</u>	<u>(275,000)</u>	<u>—</u>	<u>—</u>	<u>(416,800)</u>	<u>—</u>	<u>(253,317)</u>	<u>—</u>
<b>Total revenue</b>	<u>2,444,110</u>	<u>1,038,466</u>	<u>4,133,702</u>	<u>2,201,451</u>	<u>89,639</u>	<u>48,484</u>	<u>790,147</u>	<u>497,040</u>	<u>2,690,074</u>	<u>2,333,188</u>
<b>Expenditures</b>										
Amortization			279,073	798,783			356,278		48,055	
Debt servicing	27,375	28,984	152							
Other	552,817	288,821	408,659	1,278,849	48,563	39,527	611,670	437,062	1,184,988	1,352,858
Salaries	<u>523,454</u>	<u>274,520</u>	<u>34,972</u>	<u>34,146</u>	<u>20,746</u>	<u>—</u>	<u>226,247</u>	<u>84,391</u>	<u>1,308,148</u>	<u>807,414</u>
<b>Total expenditures</b>	<u>1,103,646</u>	<u>592,325</u>	<u>722,856</u>	<u>2,111,778</u>	<u>69,309</u>	<u>39,527</u>	<u>1,194,195</u>	<u>521,453</u>	<u>2,541,191</u>	<u>2,160,272</u>
<b>Surplus (Deficit)</b>	<u>\$ 1,340,464</u>	<u>\$ 446,141</u>	<u>\$ 3,410,846</u>	<u>\$ 89,673</u>	<u>\$ 20,330</u>	<u>\$ 8,957</u>	<u>\$ (404,048)</u>	<u>\$ (24,413)</u>	<u>\$ 148,883</u>	<u>\$ 172,916</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 19. SEGMENTED DISCLOSURE *(continued)*

	EDUCATION		SOCIAL SERVICES		EMPLOYMENT AND TRAINING		HOUSING		TOTAL	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>										
Federal Government										
ISC	\$ 1,763,359	\$ 1,760,012	\$ 757,222	\$ 640,910	\$	\$	\$ 243,886	\$ 172,006	\$ 15,079,270	\$ 7,512,434
CMHC										
ESDC					204,755	361,644				
Other	<u>9,968</u>	<u>18,450</u>	<u>-</u>	<u>-</u>			<u>351,852</u>	<u>268,048</u>	<u>1,963,733</u>	<u>686,604</u>
Subtotal	<u>1,773,327</u>	<u>1,778,462</u>	<u>757,222</u>	<u>640,910</u>	<u>204,755</u>	<u>361,644</u>	<u>595,738</u>	<u>440,054</u>	<u>17,491,644</u>	<u>8,732,688</u>
Deferred from prior year									<u>478,000</u>	<u>1,085,011</u>
Deferred to next year	<u>-</u>	<u>-</u>	<u>(430,500)</u>	<u>-</u>	<u>(188,500)</u>	<u>-</u>	<u>(37,200)</u>	<u>-</u>	<u>(5,147,130)</u>	<u>(478,000)</u>
Total revenue	<u>1,773,327</u>	<u>1,778,462</u>	<u>326,722</u>	<u>640,910</u>	<u>16,255</u>	<u>361,644</u>	<u>558,538</u>	<u>440,054</u>	<u>12,822,514</u>	<u>9,339,699</u>
<b>Expenditures</b>										
Amortization	308,368								<u>991,774</u>	<u>798,783</u>
Debt servicing							48,871	71,780	<u>76,398</u>	<u>100,764</u>
Other	772,179	870,507	599,296	499,063	79,927	206,014	107,092	105,546	<u>4,365,191</u>	<u>5,078,247</u>
Salaries	<u>686,442</u>	<u>895,853</u>	<u>107,558</u>	<u>130,455</u>	<u>114,523</u>	<u>144,724</u>	<u>-</u>	<u>-</u>	<u>3,022,090</u>	<u>2,371,503</u>
Total expenditures	<u>1,766,989</u>	<u>1,766,360</u>	<u>706,854</u>	<u>629,518</u>	<u>194,450</u>	<u>350,738</u>	<u>155,963</u>	<u>177,326</u>	<u>8,455,453</u>	<u>8,349,297</u>
Surplus (Deficit)	<u>\$ 6,338</u>	<u>\$ 12,102</u>	<u>\$ (380,132)</u>	<u>\$ 11,392</u>	<u>\$ (178,195)</u>	<u>\$ 10,906</u>	<u>\$ 402,575</u>	<u>\$ 262,728</u>	<u>\$ 4,367,061</u>	<u>\$ 990,402</u>