
KINONJEOSHTEGON FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022

KINONJEOSHTEGON FIRST NATION

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MARCH 31, 2022

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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

Henry Ross
William Patchine
M. Regumood

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, 2022, 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, 2022, 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
February 20, 2024



KINONJEOSHTEGON FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

2022

2021

FINANCIAL ASSETS

Cash	\$ 4,648,850	\$ 3,238,426
Restricted cash (Note 3)	2,546,182	2,580,870
Accounts receivable (Note 4)	<u>465,672</u>	<u>557,376</u>
	<u>7,660,704</u>	<u>6,376,672</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	1,249,127	1,176,320
Deferred revenue (Note 6)	6,381,504	5,147,130
Long-term debt (Note 8)	3,461,554	3,267,772
CMHC advances payable	<u>-</u>	<u>423,890</u>
	<u>11,092,185</u>	<u>10,015,112</u>
NET DEBT	<u>(3,431,481)</u>	<u>(3,638,440)</u>

NON-FINANCIAL ASSETS

TANGIBLE CAPITAL ASSETS (Note 17)	16,430,077	16,416,455
CONSTRUCTION IN PROCESS (Note 10)	<u>12,851,767</u>	<u>4,529,553</u>
	<u>29,281,844</u>	<u>20,946,008</u>
ACCUMULATED SURPLUS	\$ <u>25,850,363</u>	\$ <u>17,307,568</u>
CONTINGENCIES (Note 13)		

Approved by Chief and Council

Chief

Councillor

Councillor

Councillor

KINONJEOSHTEGON FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2022	2021
REVENUE			
Indigenous Services Canada	\$ 18,057,245	\$ 18,057,245	\$ 15,079,270
Canada Mortgage and Housing Corporation	284,090	284,090	243,886
Employment and Social Development Canada	187,000	187,065	204,755
Rental Income	350,000	373,911	351,802
Other	1,300,000	1,288,796	1,611,931
Deferred from prior year	5,147,130	5,147,130	478,000
Deferred to subsequent year	(6,380,000)	(6,381,504)	(5,147,130)
	<u>18,945,465</u>	<u>18,956,733</u>	<u>12,822,514</u>
EXPENDITURES			
Band Administration	1,450,000	1,458,215	1,103,646
Capital Projects	1,100,000	1,102,021	722,856
Community and Economic Development	70,000	52,519	69,309
Community Services	1,200,000	1,221,211	1,194,195
Community Wellness	2,840,000	2,867,397	2,541,191
Education	2,175,000	2,176,275	1,766,989
Social Services	1,000,000	1,013,466	706,854
Employment and Training	195,000	251,789	194,450
Housing	271,000	271,045	155,963
	<u>10,301,000</u>	<u>10,413,938</u>	<u>8,455,453</u>
ANNUAL SURPLUS	<u>8,644,465</u>	<u>8,542,795</u>	<u>4,367,061</u>
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>17,307,568</u>	<u>17,307,568</u>	<u>12,940,507</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 25,952,033</u>	<u>\$ 25,850,363</u>	<u>\$ 17,307,568</u>

KINONJEOSHTEGON FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 2	2 0 2 1
Annual surplus	\$ <u>8,644,465</u>	\$ <u>8,542,795</u>	\$ <u>4,367,061</u>
Acquisition of tangible capital assets and CIP - net	(9,500,000)	(<u>9,473,606</u>)	(4,000,863)
Amortization of tangible capital assets	<u>1,137,000</u>	<u>1,137,770</u>	<u>991,774</u>
	(<u>8,363,000</u>)	(<u>8,335,836</u>)	(<u>3,009,089</u>)
CHANGE IN NET DEBT FOR YEAR	281,465	206,959	1,357,972
NET DEBT, <i>beginning of year</i>	(<u>3,638,440</u>)	(<u>3,638,440</u>)	(<u>4,996,412</u>)
NET DEBT, <i>end of year</i>	\$ (<u>3,356,975</u>)	\$ (<u>3,431,481</u>)	\$ (<u>3,638,440</u>)

KINONJEOSHTEGON FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2022	2021
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies and other sources	\$ 20,282,811	\$ 17,425,840
Cash paid to suppliers	(5,797,811)	(5,072,160)
Cash paid to employees	(3,310,037)	(3,022,090)
Interest paid	(95,513)	(76,398)
	<u>11,079,450</u>	<u>9,255,192</u>
<i>INVESTING ACTIVITY</i>		
Acquisition of tangible capital assets and CIP - net	(9,473,606)	(4,000,863)
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	44,116	294,136
Repayment of long-term debt	(274,224)	(321,692)
	<u>(230,108)</u>	<u>(27,556)</u>
NET INCREASE IN CASH DURING YEAR	1,375,736	5,226,773
CASH, <i>beginning of year</i>	<u>5,819,296</u>	<u>592,523</u>
CASH, <i>end of year</i>	\$ <u>7,195,032</u>	\$ <u>5,819,296</u>
<i>CASH COMPRISED OF</i>		
Cash	\$ 4,648,850	\$ 3,238,425
Restricted cash	<u>2,546,182</u>	<u>2,580,870</u>
	\$ <u>7,195,032</u>	\$ <u>5,819,295</u>

KINONJEOSHTEGON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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, 2022

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, 2022

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, 2022

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, 2022

3. RESTRICTED CASH

	2 0 2 2	2 0 2 1
Ottawa Trust	\$ 5,888	\$ 5,710
CMHC Replacement Reserve	616,019	296,035
Royal Bank of Canada: Water treatment plant project	<u>1,924,275</u>	<u>2,279,125</u>
	<u>\$ 2,546,182</u>	<u>\$ 2,580,870</u>

4. ACCOUNTS RECEIVABLE

	2 0 2 2	2 0 2 1
Indigenous Services Canada	\$ 89,778	\$ 278,701
Canada Mortgage and Housing Corporation	172,836	191,593
First Peoples Development Inc.		13,649
Penn-Co Construction Canada Ltd.	203,058	
Trade receivables	<u>-</u>	<u>73,433</u>
	<u>465,672</u>	<u>557,376</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 2	2 0 2 1
Trade payables	\$ 1,172,385	\$ 1,099,710
Indigenous Services Canada	73,219	73,219
CMHC accrued mortgage interest	<u>3,523</u>	<u>3,391</u>
	<u>\$ 1,249,127</u>	<u>\$ 1,176,320</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

6. DEFERRED REVENUE

	2 0 2 2	2 0 2 1
Indigenous Services Canada:		
Water treatment plant	1,937,079	3,098,700
Capital construction immediate needs	1,056,425	
Child and family services		231,703
Financial management governance capacity development	79,998	196,300
Leadership governance capacity development	105,000	35,000
Safe restart - reno / addition	22,332	22,332
Safe restart - band office & building		18,249
Preparedness / mitigation		59,179
Capital - housing renovation & repair	434,259	159,350
Road & bridges	243,726	21,800
Emergency response	178,582	350,000
Capacity building	45,000	45,000
Instructional services - First Nation school formula	414,627	144,000
First Nation school second level	24,779	23,500
Student accomodation services	59,257	67,700
Skills link	34,450	18,117
Post secondary		188,500
Service delivery	89,588	37,200
Jordan's principle	272,219	152,000
Facility O&M	686,008	278,500
Mental health	96,430	
Home & community care	601,745	-
	<u>\$ 6,381,504</u>	<u>\$ 5,147,130</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.

8. LONG TERM DEBT

	2 0 2 2	2 0 2 1
(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.	\$ 134,767	\$ 161,654
(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.	157,893	180,029
(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.	710,344	758,521
(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.	448,151	474,994

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

8. LONG TERM DEBT (continued)

(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.	583,355	615,749
(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.	983,259	1,053,798
(7) Canada Mortgage and Housing Corporation; interest at 1.30% per annum repayable at \$2,862 per month including interest; secured by loan guarantee from Indigenous Services Canada.	441,932	
(8) Peace Hills Trust mortgage; repayable at \$1,836 per month plus interest at 3.50% per annum, compounded semi-annually, secured by ministerial guarantee.	<u>1,853</u>	<u>23,027</u>
	<u>\$ 3,461,554</u>	<u>\$ 3,267,772</u>

Principal repayment terms are approximately:

2023	\$ 259,204
2024	260,730
2025	264,158
2026	267,636
2027	261,285
Thereafter	<u>2,148,541</u>
	<u>\$ 3,461,554</u>

9. CONSTRUCTION IN PROGRESS

	2 0 2 2	2 0 2 1
Water treatment plant project	\$ 12,851,767	\$ 4,060,528
CMHC Section 95 housing - phase 8	<u>-</u>	<u>469,025</u>
	<u>\$ 12,851,767</u>	<u>\$ 4,529,553</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

10. 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.

11. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 2	2 0 2 1
Amortization	\$ 1,137,770	\$ 991,774
Bank charges and interest	95,513	76,398
Compensation and benefits	3,310,037	3,022,090
Insurance	238,280	151,192
Professional fees	1,146,553	747,896
Supplies and services	1,562,982	2,029,892
Repair and maintenance	993,564	270,352
Social assistance	657,845	478,768
Support to community and members	608,472	235,634
Travel, accommodation, and related costs	500,337	366,540
Tuition	162,585	84,917
	<u>\$ 10,413,938</u>	<u>\$ 8,455,453</u>

12. RECONCILIATION OF ISC FUNDING

	2 0 2 2	2 0 2 1
ISC funding per funding confirmation	<u>\$18,057,245</u>	<u>\$15,079,270</u>
TOTAL ISC REVENUE PER FINANCIAL STATEMENTS	<u>\$18,057,245</u>	<u>\$15,079,270</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2022**

13. 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, 2022.

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, 2022.

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14. COMPARATIVE FIGURES

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

15. 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.

16. SUBSEQUENT EVENT

COVID-19

Since March 31, 2022, the novel strain of coronavirus, specifically identified as "COVID-19", had affected economies around the world resulting in economic downturn. As the impact of COVID-19 continue, there could be further impact on the First Nation, its members, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the First Nation's assets and future ability to deliver services and projects.

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

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17. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	March 31, 2022	March 31, 2021
Band buildings	\$ 6,672,377	\$	\$	\$ 6,672,377	\$ 4,190,163	\$ 333,619	\$	\$ 4,523,782	\$ 2,148,595	\$ 2,482,214
CMHC buildings	5,486,515	469,025		5,955,540	1,601,641	252,914		1,854,555	4,100,985	3,884,874
Waste transfer station	206,523			206,523	106,922	10,326		117,248	89,275	99,601
School buses	55,000			55,000	55,000			55,000		
Vehicles	269,606	435,824		705,430	107,842	141,086		248,928	456,502	161,764
Furniture and equipment	329,240			329,240	315,453	13,787		329,240		13,787
Infrastructure	11,332,588			11,332,588	1,746,895	345,952		2,092,847	9,239,741	9,585,693
Boats and component parts	107,006	46,543		153,549	7,133	10,236		17,369	136,179	99,872
Heavy equipment	98,500	200,000	-	298,500	9,850	29,850	-	39,700	258,800	88,650
	<u>\$24,557,355</u>	<u>\$ 1,151,392</u>	<u>\$ -</u>	<u>\$25,708,747</u>	<u>\$ 8,140,899</u>	<u>\$ 1,137,770</u>	<u>\$ -</u>	<u>\$ 9,278,669</u>	<u>\$16,430,077</u>	<u>\$16,416,455</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

18. 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues										
Federal Government										
ISC	\$ 693,982	\$ 1,200,196	\$ 9,762,026	\$ 7,116,752	\$ 89,639	\$ 89,639	\$ 820,250	\$ 1,206,947	\$ 3,648,231	\$ 2,945,155
Others	<u>1,288,669</u>	<u>1,603,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,764)</u>
Subtotal	1,982,651	2,803,873	9,762,026	7,116,752	89,639	89,639	820,250	1,206,947	3,648,231	2,943,391
Deferred from prior year	562,763	203,000	3,258,050	275,000			416,800		253,317	
Deferred to next year	<u>(207,330)</u>	<u>(562,763)</u>	<u>(3,427,763)</u>	<u>(3,258,050)</u>	<u>-</u>	<u>-</u>	<u>(467,308)</u>	<u>(416,800)</u>	<u>(2,051,907)</u>	<u>(253,317)</u>
Total revenue	<u>2,338,084</u>	<u>2,444,110</u>	<u>9,592,313</u>	<u>4,133,702</u>	<u>89,639</u>	<u>89,639</u>	<u>769,742</u>	<u>790,147</u>	<u>1,849,641</u>	<u>2,690,074</u>
Expenditures										
Amortization			413,757	279,073			356,278	356,278	67,529	48,055
Debt servicing	8,906	27,375		152						
Other	706,472	552,817	649,878	408,659	37,461	48,563	817,425	611,670	1,721,679	1,184,988
Salaries	<u>742,837</u>	<u>523,454</u>	<u>38,386</u>	<u>34,972</u>	<u>15,058</u>	<u>20,746</u>	<u>47,508</u>	<u>226,247</u>	<u>1,078,189</u>	<u>1,308,148</u>
Total expenditures	<u>1,458,215</u>	<u>1,103,646</u>	<u>1,102,021</u>	<u>722,856</u>	<u>52,519</u>	<u>69,309</u>	<u>1,221,211</u>	<u>1,194,195</u>	<u>2,867,397</u>	<u>2,541,191</u>
Surplus (Deficit)	\$ <u>879,869</u>	\$ <u>1,340,464</u>	\$ <u>8,490,292</u>	\$ <u>3,410,846</u>	\$ <u>37,120</u>	\$ <u>20,330</u>	\$ <u>(451,469)</u>	\$ <u>(404,048)</u>	\$ <u>(1,017,756)</u>	\$ <u>148,883</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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18. SEGMENTED DISCLOSURE (continued)

	EDUCATION		SOCIAL SERVICES		EMPLOYMENT AND TRAINING		HOUSING		TOTAL	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues										
Federal Government										
ISC	\$ 2,065,798	\$ 1,763,359	\$ 977,319	\$ 757,222	\$	\$	\$	\$	\$ 18,057,245	\$ 15,079,270
CMHC							284,090	243,886	284,090	243,886
ESDC					187,065	204,755			187,065	204,755
Other	<u>18,563</u>	<u>9,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,475</u>	<u>351,852</u>	<u>1,662,707</u>	<u>1,963,733</u>
Subtotal	<u>2,084,361</u>	<u>1,773,327</u>	<u>977,319</u>	<u>757,222</u>	<u>187,065</u>	<u>204,755</u>	<u>639,565</u>	<u>595,738</u>	<u>20,191,107</u>	<u>17,491,644</u>
Deferred from prior year			430,500		188,500		37,200		5,147,130	478,000
Deferred to next year	<u>-</u>	<u>-</u>	<u>(137,608)</u>	<u>(430,500)</u>	<u>-</u>	<u>(188,500)</u>	<u>(89,588)</u>	<u>(37,200)</u>	<u>(6,381,504)</u>	<u>(5,147,130)</u>
Total revenue	<u>2,084,361</u>	<u>1,773,327</u>	<u>1,270,211</u>	<u>326,722</u>	<u>375,565</u>	<u>16,255</u>	<u>587,177</u>	<u>558,538</u>	<u>18,956,733</u>	<u>12,822,514</u>
Expenditures										
Amortization	300,206	308,368							1,137,770	991,774
Debt servicing							86,607	48,871	95,513	76,398
Other	922,440	772,179	774,238	599,296	56,587	79,927	184,438	107,092	5,870,618	4,365,191
Salaries	<u>953,629</u>	<u>686,442</u>	<u>239,228</u>	<u>107,558</u>	<u>195,202</u>	<u>114,523</u>	<u>-</u>	<u>-</u>	<u>3,310,037</u>	<u>3,022,090</u>
Total expenditures	<u>2,176,275</u>	<u>1,766,989</u>	<u>1,013,466</u>	<u>706,854</u>	<u>251,789</u>	<u>194,450</u>	<u>271,045</u>	<u>155,963</u>	<u>10,413,938</u>	<u>8,455,453</u>
Surplus (Deficit)	<u>\$ (91,914)</u>	<u>\$ 6,338</u>	<u>\$ 256,745</u>	<u>\$ (380,132)</u>	<u>\$ 123,776</u>	<u>\$ (178,195)</u>	<u>\$ 316,132</u>	<u>\$ 402,575</u>	<u>\$ 8,542,795</u>	<u>\$ 4,367,061</u>