

KEESECKOOWENIN FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2020

KEESECKOOWENIN FIRST NATION
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Year Ended March 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Keeseekoowenin First Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Keeseekoowenin First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Chief and Council meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, Chief and Council approves the financial statements. Chief and Council also approves the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Lazer Grant LLP, in accordance with Canadian generally accepted auditing standards.

Elphinstone, MB

INDEPENDENT AUDITOR'S REPORT

To the Members of Keeseekoowenin First Nation

Opinion

We have audited the consolidated financial statements of Keeseekoowenin First Nation (the organization), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial debt and cash flow 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 the organization as at March 31, 2020, and the consolidated results of its operations and consolidated cash flow 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 Consolidated Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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 the organization'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 the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

(continues)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 the organization'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 the organization'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 consolidated 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 the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.



Winnipeg, MB
July 20, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

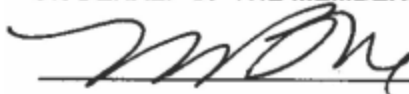




KEESECKOOWENIN FIRST NATION
Consolidated Statement of Financial Position
March 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash (Note 4)	\$ 1,026,535	\$ 854,830
Accounts receivable (Note 5)	510,722	397,878
Long term investments (Note 6)	1,295,335	1,286,929
Ottawa trust funds (Note 7)	13,883	13,663
Restricted cash (Note 8)	20,890	237,193
	2,867,365	2,790,493
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	364,655	422,885
Deferred revenue (Note 10)	51,177	-
Construction advances	-	376,250
Short term debt (Note 11)	150,000	-
Long term debt (Note 12)	7,030,947	6,659,483
Obligations under capital lease (Note 13)	178,888	-
Moveable assets reserve (Note 14)	50,239	48,509
	7,825,906	7,507,127
NET FINANCIAL DEBT	(4,958,541)	(4,716,634)
NON-FINANCIAL ASSETS		
Construction in progress (Note 15)	1,409,450	1,432,236
Tangible capital assets (Note 16)	14,536,205	13,028,275
	15,945,655	14,460,511
ACCUMULATED SURPLUS	\$ 10,987,114	\$ 9,743,877

CONTINGENT LIABILITY (Note 21)

SUBSEQUENT EVENTS (Note 23)

ON BEHALF OF THE MEMBERS

	Chief		
	Councillor		Councillor
	Councillor		Councillor

KEESECKOOWENIN FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2020

	2020	(Restated) 2019
REVENUES		
Indigenous Services Canada	\$ 4,713,099	\$ 4,780,140
First Nations and Inuit Health Branch	2,936,752	2,295,554
Canada Mortgage and Housing Corporation	667,233	615,921
Parks Canada	201,734	195,000
First Peoples Development Inc.	340,215	366,346
Province of Manitoba	434,857	281,771
First Peoples Infra Inc.	-	50,000
Video lottery terminals	2,445,609	2,093,735
Gaming centre sales	250,138	389,555
Gas bar sales	938,676	-
Daycare fees	40,061	38,350
Rental	278,912	384,602
Unconditional grant	14,599	14,467
User fees	30,633	21,425
Work opportunity program	-	31,468
Other	396,676	521,022
Forgiveness of debt	-	57,630
Deferred to subsequent year (Note 10)	(51,177)	-
Prior year recoveries	-	(12,147)
Decommissioned accounts receivable	-	(68,455)
	13,638,017	12,056,384
EXPENSES (Schedule 1)	11,590,053	10,002,655
SURPLUS FROM OPERATIONS	2,047,964	2,053,729
OTHER EXPENSES		
Amortization	947,108	835,500
ANNUAL SURPLUS	\$ 1,100,856	\$ 1,218,229

KEESECKOOWENIN FIRST NATION
Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2020

	2020	(Restated) 2019
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 9,743,877	\$ 8,480,756
ANNUAL SURPLUS	1,100,856	1,218,229
	10,844,733	9,698,985
Replacement reserve transactions <i>(Note 17)</i>	142,381	44,892
ACCUMULATED SURPLUS - END OF YEAR	\$ 10,987,114	\$ 9,743,877

KEESECKOOWENIN FIRST NATION
Consolidated Statement of Changes in Net Financial Debt
Year Ended March 31, 2020

	2020	(Restated) 2019
ANNUAL SURPLUS	\$ 1,100,856	\$ 1,218,229
Amortization of tangible capital assets	947,108	835,500
Purchase of tangible capital assets	(2,455,039)	(277,676)
Decrease (increase) in construction in progress	22,787	(1,432,236)
Decrease in prepaid expenses	-	43,987
Replacement reserve transactions	142,381	44,892
	(1,342,763)	(785,533)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(241,907)	432,696
NET FINANCIAL DEBT - BEGINNING OF YEAR	(4,716,634)	(5,149,330)
NET FINANCIAL DEBT - END OF YEAR	\$ (4,958,541)	\$ (4,716,634)

KEESECKOOWENIN FIRST NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2020

	2020	(Restated) 2019
OPERATING ACTIVITIES		
Annual surplus	\$ 1,100,856	\$ 1,218,229
Items not affecting cash:		
Amortization	947,108	835,500
Replacement reserve transactions	142,381	44,892
	2,190,345	2,098,621
Changes in non-cash working capital:		
Accounts receivable	(112,844)	(47,360)
Accounts payable and accrued liabilities	(58,233)	(199,748)
Deferred revenue	51,177	-
Prepaid expenses	-	43,987
Construction advances	(376,250)	376,250
	(496,150)	173,129
Cash flow from operating activities	1,694,195	2,271,750
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(2,259,889)	(277,676)
Increase in long term investments	(8,406)	(3,799)
Increase in Ottawa trust funds	(220)	(306)
Decrease (increase) in restricted funds - replacement reserve	216,303	(154,440)
Decrease in restricted funds - moveable assets reserve	-	46,813
Decrease (increase) in construction in progress	22,786	(1,432,236)
Cash flow used by investing activities	(2,029,426)	(1,821,644)
FINANCING ACTIVITIES		
Proceeds (repayment) of short term debt	150,000	(75,000)
Increase in moveable assets reserve	1,730	1,696
Proceeds from long term financing	828,564	650,000
Repayment of long term debt	(457,096)	(430,211)
Repayment of obligations under capital lease	(16,262)	-
Cash flow from financing activities	506,936	146,485
INCREASE IN CASH	171,705	596,591
Cash - beginning of year	854,830	258,239
CASH - END OF YEAR	\$ 1,026,535	\$ 854,830

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

1. DESCRIPTION OF THE ORGANIZATION

The Keeseekoowenin First Nation is a non-profit Indian Band as defined by The Indian Act (Canada). The objective of the First Nation is to operate as the governing entity in providing services in all areas of the community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards and include the assets, liabilities, revenues and expenses of the following departments and entities:

- Keeseekoowenin Band Operations
- Keeseekoowenin Education Authority
- Keeseekoowenin Gaming Centre
- Keeseekoowenin Gas Bar
- Keeseekoowenin Health and Wellness Centre
- Keeseekoowenin Housing Authority
- Keeseekoowenin Human Resources Development
- Keeseekoowenin Playcare
- Keeseekoowenin Social Development
- Keeseekoowenin Special Projects

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Investment in the KRW Limited Partnership is recorded on a modified equity basis. Under this basis, the equity method of accounting is modified only to the extent that the partnership's accounting principles are not adjusted to conform with those of the organization. The organization's investment in these entities is recorded at acquisition cost and is increased or decreased for the proportionate share of earnings or losses and distributions.

Investments in entities not owned, controlled, or influenced by the organization are recorded at cost less any provision for other than temporary impairment.

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KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

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

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Buildings	4%	declining balance method
CMHC Housing		annual principal reduction
Equipment	20%	declining balance method
Equipment under capital lease	30%	declining balance method
Lagoon	3%	declining balance method
Roads	3%	declining balance method
Vehicles	30%	declining balance method

The organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing projects are amortized at a rate equivalent to the annual principal reduction in related long term debt, as required for CMHC reporting purposes.

Revenue recognition

Revenue from government agencies is recognized as it becomes receivable under the terms of applicable funding agreements.

Revenue from sales of goods is recognized when title passes to the customer, which generally coincides with the delivery and acceptance of goods.

Rent revenue is recognized when the tenants' rent is invoiced at the start of each month based on the details of each signed lease agreement.

Other revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from funders and members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of funders and members which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders, members, and other related sources, deferred revenue, short term debt, long-term debt, obligations under capital leases, reserves, and accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

4. CASH

The organization has a line of credit on its operating account with Sunrise Credit Union in the amount of \$40,000 which is repayable on demand, bears interest at the Sunrise Credit Union prime rate plus 2.75%, and is secured by a general security agreement and Band Council Resolution. An interest rate of 24% is charged on balances in excess of the maximum line of credit and on overdrafts on all other bank accounts. As at March 31, 2020, \$40,000 (2019 - \$25,324) of this line of credit remained unused.

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

5. ACCOUNTS RECEIVABLE

	2020	2019
Indigenous Services Canada	\$ 193,814	\$ 93,516
Canada Mortgage and Housing Corporation	39,838	34,462
First Peoples Development Inc.	-	10,253
Province of Manitoba	81,112	43,370
Other government agencies	51,177	58,500
Goods and services tax	-	15,346
Members	132,507	123,843
Other	28,067	29,959
Subtotal	526,515	409,249
Allowance for doubtful accounts	(15,793)	(11,371)
	\$ 510,722	\$ 397,878

6. LONG TERM INVESTMENTS

	2020	2019
KRW Limited Partnership	\$ 1,276,201	\$ 1,267,795
Paintings	14,134	14,134
Treaty 2 Development Inc.	5,000	5,000
	\$ 1,295,335	\$ 1,286,929

The organization's investment in KRW Limited Partnership was established to develop, lease, manage, and operate real property for the purposes of pursuing economic development opportunities on lands acquired at 1-11-19WPM (the "Brandon Lands"). The organization shares interest in the partnership along with Rolling River First Nation and Waywayseecappo First Nation. The partnership had no development activity during the current year.

7. OTTAWA TRUST FUNDS

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

As at the end of the year, the funds held in trust consisted of the following balances:

	2020	2019
Revenue account	\$ 3,296	\$ 3,076
Capital account	10,587	10,587
	\$ 13,883	\$ 13,663

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

8. RESTRICTED CASH

	2020	2019
CMHC Replacement Reserve	\$ 8,543	\$ 56,122
CMHC Operating Reserve	3,151	46,113
Indigenous Services Canada New Construction	9,196	134,958
	\$ 20,890	\$ 237,193

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade and other	\$ 298,191	\$ 352,442
Wages and benefits	62,507	65,463
Source deductions	3,957	4,980
	\$ 364,655	\$ 422,885

10. DEFERRED REVENUE

The organization received funding from Assembly of Manitoba Chiefs through an Early Learning Child Care program, \$51,177 of which was allocated to Human Resources Development/Playcare. As at March 31, 2020, no expenditures were incurred by the department and the program was to be carried over to the following year.

11. SHORT TERM DEBT

The organization has a \$150,000 loan with the Sunrise Credit Union to assist with the construction of the Jordan's Principle building. The loan is due on April 1, 2020 and bears interest at the Sunrise Credit Union prime rate plus 2.75%. The loan was repaid April 1, 2020.

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

12. LONG TERM DEBT

	2020	2019
Canada Mortgage and Housing Corporation loan bearing interest at 1.69% per annum, repayable in monthly blended payments of \$3,279. The loan matures on August 1, 2024 and is secured by a Ministerial Guarantee.	\$ 167,359	\$ 203,484
Canada Mortgage and Housing Corporation loan bearing interest at 1.31% per annum, repayable in monthly blended payments of \$1,241. The loan matures on December 1, 2026 and is secured by a Ministerial Guarantee.	96,165	109,702
Canada Mortgage and Housing Corporation loan bearing interest at 1.39% per annum, repayable in monthly blended payments of \$1,337. The loan matures on May 1, 2030 and is secured by a Ministerial Guarantee.	152,094	165,924
Canada Mortgage and Housing Corporation loan bearing interest at 1.84% per annum, repayable in monthly blended payments of \$2,270. The loan matures on September 1, 2032 and is secured by a Ministerial Guarantee.	304,133	325,575
Canada Mortgage and Housing Corporation loan bearing interest at 1.83% per annum, repayable in monthly blended payments of \$3,496. The loan matures on November 1, 2034 and is secured by a Ministerial Guarantee.	539,505	571,280
Canada Mortgage and Housing Corporation loan bearing interest at 1.83% per annum, repayable in monthly blended payments of \$1,876. The loan matures on November 1, 2034 and is secured by a Ministerial Guarantee.	289,527	306,579
Canada Mortgage and Housing Corporation loan bearing interest at 1.3% per annum, repayable in monthly blended payments of \$1,620. The loan matures on November 1, 2035 and is secured by a Ministerial Guarantee.	275,508	291,259
Canada Mortgage and Housing Corporation loan bearing interest at 1.3% per annum, repayable in monthly blended payments of \$1,731. The loan matures on December 1, 2040 and is secured by a Ministerial Guarantee.	377,747	393,500
Canada Mortgage and Housing Corporation loan bearing interest at 1.19% per annum, repayable in monthly blended payments of \$2,855. The loan matures on November 1, 2040 and is secured by a Ministerial Guarantee.	627,672	654,297
Canada Mortgage and Housing Corporation loan bearing interest at 1.44% per annum, repayable in monthly blended payments of \$7,149. The loan matures on February 1, 2037 and is secured by a Ministerial Guarantee.	1,287,766	1,354,506
Canada Mortgage and Housing Corporation loan bearing interest at 1.97% per annum, repayable in monthly blended payments of \$2,333. The loan matures on December 1, 2042 and is secured by a Ministerial Guarantee.	513,373	531,089

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KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

12. LONG TERM DEBT (*continued*)

	2020	2019
Canada Mortgage and Housing Corporation loan bearing interest at 1.97% per annum, repayable in monthly blended payments of \$4,944. The loan matures on December 1, 2042 and is secured by a Ministerial Guarantee.	1,087,910	1,125,437
Canada Mortgage and Housing Corporation loan bearing interest at 1.86% per annum, repayable in monthly blended payments of \$1,653. The loan matures on April 1, 2044 and is secured by a Ministerial Guarantee.	385,076	-
Canada Mortgage and Housing Corporation loan bearing interest at 1.72% per annum, repayable in monthly blended payments of \$2,127. The loan matures on March 1, 2040 and is secured by a Ministerial Guarantee.	431,967	-
Sunrise Credit Union loan bearing interest at 6.7% per annum, repayable in monthly blended payments of \$12,810. The loan matures on November 1, 2023 and is secured by vehicles, Band Council Resolutions, and a general security agreement.	495,145	611,322
Canada Mortgage and Housing Corporation loan bearing interest at 2.09% per annum, repayable in monthly blended payments of \$1,740. The loan matured on December 1, 2019 and was secured by a Ministerial Guarantee.	-	15,529
	\$ 7,030,947	\$ 6,659,483

Principal repayment terms are approximately:

2021	\$ 474,251
2022	489,558
2023	503,555
2024	463,202
2025	349,330
Thereafter	4,751,051
	<u>\$ 7,030,947</u>

Canada Mortgage and Housing Corporation (CMHC) mortgages have maturity dates beyond 20 years and call for renewal every 5 years. Since CMHC will in all likelihood renew each mortgage at the renewal date, the repayment schedule reflects repayment over the entire period of the mortgage.

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

13. OBLIGATIONS UNDER CAPITAL LEASE

	2020	2019
CWB National Leasing lease bearing interest at 5.535% per annum, repayable in monthly blended payments of \$3,191. The lease matures on August 1, 2025 and is secured by a 2006 Case Backhoe and a 2008 Volvo Grader.	\$ 178,888	\$ -

Future minimum capital lease payments are approximately:

2021	\$ 38,298
2022	38,298
2023	38,298
2024	38,298
2025	38,298
Thereafter	<u>15,746</u>
Total minimum lease payments	207,236
Less: amount representing interest at various rates	<u>(28,348)</u>
	<u>\$ 178,888</u>

14. MOVEABLE ASSETS RESERVE

Under the terms of the Health Services Block Funding Agreement the initial lump sum, interest, and annual amounts are to be placed in a reserve for the replacement of assets. Expenses for the replacement are to be charged to the reserve during the year.

As at March 31, 2020, the moveable asset reserve bank account had a balance of \$24,332 (2019 - \$Nil) and was underfunded by \$25,907 (2019 - \$48,509).

	2020	2019
Balance beginning of year	\$ 48,509	\$ 46,813
Amount provided in agreement for MAR	1,730	1,696
Subtotal	50,239	48,509
Revenues generated	-	-
Expenses (acquisitions and replacements)	-	-
	\$ 50,239	\$ 48,509

15. CONSTRUCTION IN PROGRESS

At March 31, 2020, the organization had two construction projects in progress:

- Indigenous Service Canada (ISC) - Youth Centre - \$793,842
- First Nation Inuit & Health Branch (ISC) - Jordan's' Principle building - \$615,608

Both projects are expected to be completed in the following year. All 2019 projects were completed in 2020.

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

16. TANGIBLE CAPITAL ASSETS

Cost	2019 Balance	Additions	Disposals	2020 Balance
Land	\$ 170,000	\$ -	\$ -	\$ 170,000
Buildings	6,342,748	-	-	6,342,748
CMHC Housing	12,867,300	2,040,713	-	14,908,013
Equipment	828,716	63,527	-	892,243
Equipment under capital lease	-	195,150	-	195,150
Lagoon	2,888,682	-	-	2,888,682
Roads	2,129,877	-	-	2,129,877
Vehicles	1,828,412	155,649	-	1,984,061
	\$ 27,055,735	\$ 2,455,039	\$ -	\$ 29,510,774

Accumulated Amortization	2019 Balance	Amortization	Accumulated Amortization on Disposals	2020 Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	4,016,907	93,034	-	4,109,941
CMHC Housing	5,149,767	543,750	-	5,693,517
Equipment	674,745	43,500	-	718,245
Equipment under capital lease	-	58,545	-	58,545
Lagoon	788,078	63,018	-	851,096
Roads	1,914,009	-	-	1,914,009
Vehicles	1,483,954	145,262	-	1,629,216
	\$ 14,027,460	\$ 947,109	\$ -	\$ 14,974,569

Net book value	2020	2019
Land	\$ 170,000	\$ 170,000
Buildings	2,232,807	2,325,841
CMHC Housing	9,214,496	7,717,533
Equipment	173,998	153,971
Equipment under capital lease	136,605	-
Lagoon	2,037,586	2,100,604
Roads	215,868	215,868
Vehicles	354,845	344,458
	\$ 14,536,205	\$ 13,028,275

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

17. REPLACEMENT RESERVES

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited with an amount of \$68,159 (2019 - \$71,657) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal.

As at March 31, 2020, the Replacement Reserve bank accounts had a balance of \$8,543 (2019 - \$56,122) and was underfunded by \$553,182 (2019 - \$512,333).

Surplus revenue from Post 1996 projects is to be retained by the organization within an operating reserve fund and interest earned must accrue to and be maintained in the operating reserve fund. Funds may be withdrawn to cover current operating deficits.

As at March 31, 2020, the Operating Reserve bank account had a balance of \$3,151 (2019 - \$46,113) and was underfunded by \$583,985 (2019 - \$441,971).

During the year, net replacement reserve transactions totalling \$142,381 (2019 - \$44,892) were charged to the reserve. These transactions include the annual allocation, surplus allocation, supplemental assistance and any expenses charged directly to the reserve.

Replacement reserves expenses have been made in accordance with Schedule "D" of the operating agreement with CMHC.

	Pre-1997	Post-1996	Operating	2020	2019
Balance, beginning of year	\$ 48,159	\$ 520,296	\$ 488,084	\$ 1,056,539	\$ 1,156,123
Annual allocation	2,250	65,909	-	68,159	71,657
Surplus allocation	-	-	99,052	99,052	36,256
Expenses	(350)	(24,480)	-	(24,830)	(63,020)
	50,059	561,725	587,136	1,198,920	1,201,016
Maturing units adjustment	(50,059)	-	-	(50,059)	(144,477)
	-	561,725	587,136	1,148,861	1,056,539
	\$ -	\$ 561,725	\$ 587,136	\$ 1,148,861	\$ 1,056,539

18. PRIOR PERIOD ADJUSTMENT

As a result of the Canada Mortgage and Housing Corporation's annual review, certain revenues, expenses, and replacement reserve amounts have been adjusted and accordingly, the comparative figures have been restated. The net effect of these transactions had no effect on the overall accumulated surplus at the end of the year.

KEESECKOOWENIN FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

19. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUES

	2020	2019
Indigenous Services Canada per financial statements	\$ 4,713,099	\$ 4,780,140
First Nations & Inuit Health per financial statements	2,936,752	2,295,554
	7,649,851	7,075,694
Indigenous Services Canada per confirmation	4,713,099	4,780,140
First Nations & Inuit Health per confirmation	2,936,752	2,295,554
	\$ 7,649,851	\$ 7,075,694

20. PENSION PLAN

The organization has an employee registered defined contribution pension plan. The organization matches the employees' contributions. During the year, expenses totalling \$87,968 (2019 - \$46,501) were made to the pension plan and there were no outstanding pension obligations at year end (2019 - \$NIL).

21. CONTINGENT LIABILITY

The organization is contingently liable for loans from Canada Mortgage and Housing Corporation under the Residential Rehabilitation Assistance Program (RRAP). Since each loan is forgiven (usually over a 4 or 5 year period) no liability has been recorded in these statements for these loans.

22. ECONOMIC DEPENDENCE

The organization receives substantially all of its revenues from government sources.

23. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

24. COMPARATIVE FIGURES

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

KEESECKOOWENIN FIRST NATION

Consolidated Expenses (Schedule 1)

Year Ended March 31, 2020

	2020	(Restated) 2019
Administration	\$ 7,854	\$ 12,708
Band projects	143,816	248,479
Donations and community support	135,612	100,200
Fuel and transportation	187,264	191,196
Funeral	22,088	40,460
Graduation	25,168	19,102
Homemakers	112,101	106,290
Honoraria	206,119	187,377
Income support	1,218,277	1,238,760
Insurance	201,458	209,215
Interest and bank charges	23,512	25,196
Interest on long term debt	145,031	115,914
Interest on obligations under capital lease	6,078	-
Manitoba Lotteries Commission share	84,850	77,197
Moveable assets reserve allocation (Note 14)	1,730	1,696
Non-treaty assistance	24,331	64,367
Office and miscellaneous	114,416	173,454
Professional fees	204,637	284,804
Programs and special activities	250,773	277,840
Rent	78,962	78,693
Repairs and maintenance	495,655	726,322
Replacement reserve allocations (Note 17)	167,211	107,913
Special needs	11,310	34,702
Student allowances	402,120	333,505
Sub-contracts	568,621	334,941
Supplies	1,439,596	569,017
Telephone	51,812	47,642
Training	323,355	213,321
Travel	327,201	271,480
Tuition	198,379	198,385
Utilities	157,416	117,568
Video lottery terminal payouts	1,905,703	1,646,183
Wages and employee benefits	2,347,597	1,948,728
	\$ 11,590,053	\$ 10,002,655

KEESECKOOWENIN FIRST NATION
Consolidated Segment Disclosure (Schedule 2)
Year Ended March 31, 2020

Segmented information presents the revenues generated and expenses incurred by major revenue type and main object of expense for the organization's distinguishable programs or activities.
The segment results for the period are as follows:

	Education		Health		Housing & Infrastructure		Band Government		Social Services		Business Enterprises		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues														
Federal government	\$ 803,796	\$ 732,496	\$ 2,936,752	\$ 2,309,554	\$ 1,626,781	\$ 2,608,410	\$ 2,144,322	\$ 1,084,445	\$ 1,347,382	\$ 1,437,454	\$ -	\$ -	\$ 8,859,033	\$ 8,172,359
Provincial government	-	-	-	-	-	-	368,255	208,676	66,602	73,095	-	-	434,857	281,771
Economic activities	-	-	-	-	-	-	-	-	-	-	3,634,423	2,483,290	3,634,423	2,483,290
Other revenue	-	1,276	51,177	-	199,196	496,244	435,331	567,010	19,000	54,434	5,000	-	709,704	1,118,964
Total Revenue	803,796	733,772	2,987,929	2,309,554	1,825,977	3,104,654	2,947,908	1,860,131	1,432,984	1,564,983	3,639,424	2,483,290	13,638,017	12,056,384
Expenses														
Wages and benefits	78,967	42,450	1,215,124	1,020,733	179,814	248,511	530,559	434,181	54,370	48,227	288,763	154,626	2,347,597	1,948,728
Amortization	61,975	67,882	31,853	37,481	543,750	512,112	302,441	218,025	-	-	7,089	-	947,108	835,500
Debt servicing	5,360	4,779	1,878	450	108,614	102,299	52,109	30,009	2,226	2,352	4,435	1,221	174,621	141,110
Other expenses	686,870	616,528	946,378	800,715	1,435,674	1,366,819	958,797	1,122,191	1,440,749	1,513,885	3,599,367	2,492,679	9,067,835	7,912,817
Total Expenses	833,172	731,639	2,195,234	1,859,379	2,267,851	2,229,741	1,843,906	1,804,406	1,497,345	1,564,464	3,899,654	2,648,526	12,537,161	10,838,155
Annual Surplus (Deficit)	\$ (29,376)	\$ 2,133	\$ 792,695	\$ 450,175	\$ (441,875)	\$ 874,913	\$ 1,104,002	\$ 55,725	\$ (64,361)	\$ 519	\$ (260,230)	\$ (165,236)	\$ 1,100,856	\$ 1,218,229