



**The Key First Nation
Consolidated Financial Statements**

March 31, 2022



The Key First Nation Contents

For the year ended March 31, 2022

	Page
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	3
Consolidated Statement of Change in Net Debt.....	4
Consolidated Statement of Cash Flows.....	5
Notes to the Consolidated Financial Statements	6
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	18
Schedule 2 - Schedule of Consolidated Expenses by Object.....	20
Schedule 3 - Consolidated Schedule of Revenue and Expenses - Band Government.....	21
Schedule 4 - Consolidated Schedule of Revenue and Expenses - Education.....	22
Schedule 5 - Consolidated Schedule of Revenue and Expenses - Economic Development.....	23
Schedule 6 - Consolidated Schedule of Revenue and Expenses - Social.....	24
Schedule 7 - Consolidated Schedule of Revenue and Expenses - Community.....	25
Schedule 8 - Consolidated Schedule of Revenue and Expenses - Housing.....	26
Schedule 9 - Consolidated Schedule of Revenue and Expenses - Community Health.....	27
Schedule 10 - Consolidated Schedule of Revenue and Expenses - Other.....	28

To the Members of The Key First Nation:

Opinion

We have audited the consolidated financial statements of The Key First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows, and related schedules 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 First Nation as at March 31, 2022, and the results of its consolidated operations, consolidated change in net debt 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 Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the 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.

Emphasis of Matter - Contingent Asset

We draw attention to Note 12 to the consolidated financial statements which describes that The Key First Nation initiated claims against the Government of Canada for damages sustained by the Nation. The Nation has obtained loans to fund costs of negotiations and has taken insurance to cover the repayment of the loans if they are in excess of settlement proceeds.

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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 the First Nation or to cease operations, or has no realistic alternative but to do so.

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

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 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 the 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 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 First Nation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Regina, Saskatchewan

February 12, 2025

MNP LLP

Chartered Professional Accountants

MNP



The Key First Nation
Consolidated Statement of Financial Position
As at March 31, 2022

	2022	2021
Financial assets		
Current		
Cash	4,648,691	2,578,757
Restricted cash (Note 3)	2,146,580	1,168,326
Accounts receivable (Note 4)	243,941	326,951
Receivable from Key First Nation Pelly Hayland Trust (Note 5)	1,064,713	867,508
	8,103,925	4,941,542
Restricted cash (Note 3)	110,155	155,899
Portfolio investments (Note 6)	25	25
Funds held in trust (Note 7)	304,755	13,367
Co-op equity	15,000	15,000
Total financial assets	8,533,860	5,125,833



The Key First Nation
Consolidated Statement of Financial Position
As at March 31, 2022

	2022	2021
Liabilities		
Current		
Accounts payable and accruals	448,552	352,212
Deferred revenue (Note 9)	5,157,332	2,951,346
Current portion of long-term debt (Note 10)	330,676	316,273
Current portion of capital lease obligations (Note 11)	16,939	61,801
	5,953,499	3,681,632
Long-term debt (Note 10)	5,448,680	5,050,353
Capital lease obligations (Note 11)	-	16,939
Total financial liabilities	11,402,179	8,748,924
Net debt	(2,868,319)	(3,623,091)
Contingent assets (Note 12)		
Contingent liabilities (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	12,516,988	11,854,873
Bison (Note 14)	53,150	-
Prepaid expenses	39,775	-
Total non-financial assets	12,609,913	11,854,873
Accumulated surplus (Note 16)	9,741,594	8,231,782

Approved on behalf of the Council

"Original Signed By David Cote" Councilor "Original Signed By Kimberly Keshane" Councilor



The Key First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada and First Nations and Inuit Health Branch (Note 19)	3,406,927	4,807,273	4,832,039
Canada Mortgage and Housing Corporation	-	206,447	165,088
Pelly Haylands	-	2,107,383	1,704,002
Lease income	19,175	736,217	711,144
Yorkton Tribal Council	318,783	582,873	568,539
First Nations Trust	300,000	241,960	302,086
Other	25,500	101,243	222,229
Contributions (expense)	55,000	58,518	(5,624)
Fair value adjustment - biological assets	-	44,150	-
Painted Hand CDC	-	37,095	57,200
Rental income	43,600	32,464	43,162
Interest income	-	4,456	1,530
Prevention	-	-	495,595
Investment income	71,000	-	61,054
	4,239,985	8,960,079	9,158,044
Program expenses			
Band Government	3	1,111,869	1,207,195
Education	4	1,313,283	1,344,495
Economic Development	5	345,331	392,430
Social	6	384,418	427,319
Community	7	357,890	1,121,829
Housing	8	554,042	571,226
Community Health	9	947,440	1,309,740
Other	10	182,646	1,081,790
Total expenses		5,196,919	7,456,024
Surplus before other item		(956,934)	1,504,055
Other item			
Gain on disposal of tangible capital assets		-	5,756
			64,000
Annual surplus		(956,934)	1,509,812
Accumulated surplus, beginning of year		8,231,782	8,231,782
Accumulated surplus, end of year (Note 16)		7,274,848	9,741,594

The accompanying notes are an integral part of these financial statements



The Key First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2022

	2022 <i>Budget</i> <i>(Note 21)</i>	2022	2021
Annual surplus	(951,934)	1,509,812	1,579,045
Purchases of tangible capital assets	(23,000)	(1,234,233)	(2,868,260)
Amortization of tangible capital assets	-	568,795	459,868
Gain on disposal of tangible capital assets	-	(5,756)	(64,000)
Proceeds of disposal of tangible capital assets	-	9,080	64,000
Purchase of Bison	-	(53,150)	-
	(23,000)	(715,264)	(2,408,392)
Acquisition of prepaid expenses	-	(39,776)	-
Use of prepaid expenses	-	-	50,000
(Increase) decrease in net debt	(974,934)	754,772	(779,347)
Net debt, beginning of year	(3,623,091)	(3,623,091)	(2,843,744)
Net debt, end of year	(4,598,025)	(2,868,319)	(3,623,091)



The Key First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

	2022 <i>Actual</i>	2021 <i>Actual</i>
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	1,509,812	1,579,045
Non-cash items		
Amortization	568,795	459,868
Bad debts	7,014	2,019
Gain on disposal of tangible capital assets	(5,756)	(64,000)
Adjustment of Bison to fair value	(44,150)	-
	2,035,715	1,976,932
Changes in working capital accounts		
Accounts receivable	75,996	207,092
Prepaid expenses	(39,776)	50,000
Accounts payable and accruals	96,341	63,116
Deferred revenue	2,205,986	1,277,026
Purchase of Bison	(9,000)	-
	4,365,262	3,574,166
Financing activities		
Advances of long-term debt	741,118	2,268,099
Repayment of long-term debt	(328,388)	(231,082)
Repayments of capital lease obligations	(61,801)	(256,102)
Increase in funds held in trust	(291,388)	(9,039)
(Decrease) increase in bank indebtedness	-	(162,335)
	59,541	1,609,541
Capital activities		
Purchases of tangible capital assets	(1,234,233)	(2,533,418)
Proceeds of disposal of tangible capital assets	9,080	64,000
	(1,225,153)	(2,469,418)
Investing activities		
Income from portfolio investment	-	4,192
Increase in restricted cash	(932,511)	(27,903)
Net advances from (repayments to) Key First Nation Pelly Hayland Trust	(197,205)	(753,728)
	(1,129,716)	(777,439)
Increase in cash resources	2,069,934	1,936,850
Cash resources, beginning of year	2,578,757	641,907
Cash resources, end of year	4,648,691	2,578,757

The accompanying notes are an integral part of these financial statements



The Key First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

1. Operations

The Key First Nation (the "First Nation") is located in the province of Saskatchewan, and provides various services to its members. The Key First Nation includes the government and all related entities that are accountable to the Nation and are either owned or controlled by the First Nation.

Impact of COVID-19

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations and businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, operations and isolation/quarantine orders. The First Nation has received additional government assistance to compensate for shortfall in other revenue streams, which has allowed the Nation to execute a pandemic response.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity

The financial statements consolidate the financial activities of all entities comprising the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities as they do not meet the definition of a government business enterprise:

- The Key First Nation
- Key First Nation CMHC Housing
- Key First Nation Pelly Haylands Holdings Corp.
- Key First Nation Band Land Holdings Corp.
- Key First Nation Pelly Haylands Authorized Expense Account
- Key First Nation Pelly Haylands Band Account

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department. Key First Nation Pelly Haylands Band Account, Key First Nation Pelly Haylands Authorized Expense Account, Key First Nation Pelly Haylands Corp., and Key First Nation Band Land Holdings Corp. have a year end of December 31, 2021 which are not co-terminous with the First Nation's year end. Significant events during the intervening period were adjusted.

The financial statement of Key First Nation Pelly Hayland Trust is not included in the consolidated financial statements of The Key First Nation as the entity is administered and controlled by Trustees of the Trust.

These entities are related by common membership.



The Key First Nation Notes to the Consolidated Financial Statements *For the year ended March 31, 2022*

2. Significant accounting policies *(Continued from previous page)*

Other economic interests

The Key First Nation is a member of the Yorkton Tribal Council Child and Family Services Incorporated. The Yorkton Tribal Council Child and Family Services Incorporated is an organization of fourteen member First Nations, whose purpose is to provide Child and Family Services to the fourteen member Nations.

The Key First Nation is a member of the Yorkton Tribal Council. The Tribal Council is an organization of six Nations. The Tribal Council's goal is to enhance the services provided to the member Nations.

The First Nation does not have a share in the profit or loss of the above entities. As a result, the financial statements of Yorkton Tribal Council Child and Family Services Incorporated and Yorkton Tribal Council have not been consolidated with the financial statements of the First Nation.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment. The First Nation's investment in PHC Holdings Limited Partnership is accounted for using the cost method.

Cash resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Funds held in trust for the First Nation, cash in capital project bank accounts and the cash on deposit in CMHC reserve accounts are recorded as restricted assets.

Restricted cash is disclosed in Note 3.

Funds held in Ottawa Trust Fund

Funds are held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other Nation capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Loans receivable

Loans (Advances) are recorded at principal amounts, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis. Loan and administration fees are amortized over the term of the loan.



The Key First Nation Notes to the Consolidated Financial Statements *For the year ended March 31, 2022*

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost over their estimated useful lives. In the year of acquisition, amortization is taken at 1/2 of the annual amount. Land is not amortized.

	Method	Rate
Buildings	straight-line	20 years
Equipment	straight-line	5 years
Housing	straight-line	10 - 25 years
Water & Sewer	straight-line	20 - 40 years
Vehicles	straight-line	5 years

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

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 its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Revenue recognition

Non-government funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other revenue

Rental and lease revenue is recognized over the rental term. Investment income is recognized as it is earned. Pelly Haylands revenue, including the annual payment and per capita drawings, are recognized when received or receivable. Other revenues are earned from other services provided by the First Nation and are recognized when the service has been provided, amount is measurable and collectibility is reasonably assured.



The Key First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable and amounts due from related Nation entities are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for. Legal contingencies are based on estimates provided by the First Nation's legal counsel when the settlement is probable and the amount can be reasonably measured.

These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records in the periods in which they become known.

Biological assets

Biological assets are valued based on their market value less estimated costs to sell or prepare for food supply, as the animals have a reliable and realizable market price with predictable costs.

Intangible assets

The First Nation owns land and resources inherited from the Crown. These items are not recognized in the First Nation's financial statements in accordance with PS 1200 *Financial Statement Presentation*.

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First 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. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the carrying value. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Liability for contaminated sites

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at year end.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Segments

The First Nation conducts its business through 8 reportable segments as identified in the attached schedules. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance and as part of its funding requirements.



The Key First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

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 and are apportioned based on a percentage of budgeted revenue, where permitted by the funding agencies.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

3. Restricted cash

Included in cash is restricted cash relating to CMHC replacement reserve and of cash managed by capital project managers who are responsible for payment of expenses relating to capital projects funded by Indigenous Services Canada ("ISC"). Restricted cash consists of the following:

	2022	2021
Current:		
Key First Nation Pelly Haylands Band Account	1,540,423	777,106
Indigenous Services Canada - capital projects	606,157	391,220
	2,146,580	1,168,326
Long-term:		
CMHC replacement reserve	110,155	155,899

4. Accounts receivable

	2022	2021
Indigenous Services Canada	-	52,536
CMHC subsidy	17,103	17,255
Members	115,574	115,101
Other	245,863	271,272
	378,540	456,164
Less: Allowance for doubtful accounts	134,599	129,213
	243,941	326,951

Advances receivable relate to amounts owing from various members. Advances are non-interest bearing with no set terms of repayment and are unsecured.



The Key First Nation Notes to the Consolidated Financial Statements *For the year ended March 31, 2022*

5. Receivable from Key First Nation Pelly Hayland Trust

Receivable from the Trust, relating to the annual payment adjustment, is unsecured, non-interest bearing and without fixed terms of repayment. All transactions with the Trust are measured at the exchange amount, which is the amount of consideration established and agreed to by the two parties.

6. Portfolio investments

	2022	2021
Measured at cost:		
PHC Holdings Limited Partnership - 14.28%	25	25

The Key First Nations partners' capital account in PHC Holdings Limited Partnership as at December 31, 2021 is \$932,244 (December 31, 2020 - \$882,864).

7. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the First Nations Council, with the consent of the Minister of Indigenous Services Canada.

	2022	2021
Capital Trust		
Balance, beginning and end of year	506	506
Revenue Trust		
Balance, beginning of year	12,861	3,822
Interest	4,456	1,530
Land leases	576,227	551,339
	593,544	556,691
Less: withdrawals	289,295	543,830
	304,249	12,861
Balance, end of year		
Total funds held in trust	304,755	13,367

During the year, \$289,295 of funds transferred in the current year was expended as follows:

BCR #027 - 2021/2022	\$145,655 (Governance)
	\$7,500 (Elders Assistance)
	\$36,000 (Legal Fees)
	\$2,000 (Band Meetings)
	\$3,500 (Recreation)
	\$26,000 (Community Buildings/Utilities)
	\$25,500 (Waste Treatment Plant Certified Operators)
	\$19,075 (Audit)
	\$11,565 (IT/Internet)
	\$7,500 (Off Reserve Grad Incentives)
	\$5,000 (Wakes and Funerals)

As of March 31, 2022, the First Nation has unexpended transfers from the Funds held in Trust in the amount of \$nil (2021 - \$14,740).



The Key First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

8. Bank indebtedness

At March 31, 2022 the First Nation had lines of credit totaling \$283,500 (2021 - \$283,500), of which \$nil was drawn on (2021 - \$nil). The 2011 Case 580N Back Hoe is pledged as collateral.

9. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Recognized as revenue</i>	<i>Balance, end of year</i>
ISC/FNIHB Commemorating Residential School Legacy	2,915,346 36,000	6,068,100 26,542	3,826,114 62,542	5,157,332 -
	2,951,346	6,094,642	3,888,656	5,157,332



The Key First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

10. Long-term debt

The following CMHC loans are secured by government guarantees, and relate to the construction of on-reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

<u>CMHC Phase</u>	<u>Monthly Payment, Including Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2022</u>	<u>2021</u>
8	363	1.87%	Apr. 1, 2024	8,887	13,031
9	1,091	1.53%	Mar. 1, 2026	33,510	42,847
10	1,197	1.97%	Nov. 1, 2027	49,998	63,238
11	706	0.73%	Jan. 1, 2029	57,118	65,140
12	1,817	1.57%	Jul. 1, 2036	279,832	298,182
13	3,729	0.76%	Jun. 1, 2030	357,709	399,566
14	2,901	2.22%	Jan. 1, 2034	362,107	388,593
15	6,216	0.71%	Nov. 1, 2035	971,298	<u>1,038,744</u>
				2,120,459	2,309,341
CMHC Phase 16 Loan Advance, obtained on February 16, 2021, terms yet to be determined.				606,197	102,027
Royal Bank term loan, interest at prime plus 2.00%, blended monthly payments of \$6,448, matures July 2026.				224,188	290,169
Royal Bank 1909 surrender claim loan with interest at RBC prime, quarterly interest payments, due January 2025 or when the claim is settled. (Note 12).				1,644,383	1,496,384
Royal Bank mortgage, fixed interest at 3.10%, blended monthly payments of \$4,205, secured by an agricultural lease within Key Band Land Holdings Corp., matures July 2029.				316,328	326,085
Royal Bank term loan, fixed interest at 2.84%, blended monthly payments of \$7,136, secured by an agricultural lease within Key Band Land Holdings Corp., matures July 2029.				140,857	164,745
Royal Bank term loan, fixed interest at 2.92%, blended monthly payments of \$7,553, secured by an agricultural lease within Key Band Land Holdings Corp., matures July 2029.				161,577	186,901
Royal Bank Key Treaty Benefits loan with interest at RBC prime plus 0.50%, quarterly interest payments, matures February 2025 or when the claim is settled. (Note 12).				528,540	490,973
Royal Bank term loan, interest at 3.79%, blended monthly payments of \$1,177, matures December 2024.				36,829	-
				5,779,358	5,366,625
Less: current portion				330,676	316,272
				5,448,682	5,050,353



The Key First Nation Notes to the Consolidated Financial Statements *For the year ended March 31, 2022*

10. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming loans subject to renewal are renewed with similar terms, are estimated as follows:

2023	330,676
2024	348,641
2025	2,500,932
2026	259,350
2027	239,005
	<hr/>
	3,678,604
	<hr/>
Thereafter	2,100,754
	<hr/>

Interest on long-term debt amounted to \$117,137 (2021 - \$87,133).

11. Capital lease obligations

	2022	2021
Obligation under capital lease payable in equal monthly instalments of \$5,150 including interest at 3.99%, due November 2022, with a grader, having a net book value of \$307,874, pledged as collateral.	<hr/> 16,939	<hr/> 78,740

Minimum lease payments related to the obligation under capital lease are as follows:

2023	<hr/> 16,939
------	--------------

12. Contingent assets

1909 Surrender Claim and Key Treaty Benefits Claim

The First Nation has initiated a land surrender claim and treaty benefit claim against the Government of Canada. The First Nation has obtained loans to finance the costs of negotiating the settlements. Insurance has been obtained to mitigate the risk that the settlement proceeds may be less than the total loan outstanding at such time the claim is resolved.

As of March 31, 2022, expenses totaling \$2,172,923 (2021 - \$1,987,357) have been incurred and available financing drawn (Note 10). The First Nation anticipates these costs will be paid from settlement proceeds. When the claims are finalized the net settlement claim proceeds will be recognized in revenue.

Subsequent to year end, the Nation changed legal counsel and the insurance was cancelled. The loans still remain in place. It is unknown at this time what the impact, if any, changing legal counsel will have on contingent fees associated with the claims.



The Key First Nation Notes to the Consolidated Financial Statements *For the year ended March 31, 2022*

13. Contingent liabilities

Legal disputes

The First Nation is involved in legal claims relating to labour disputes. 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 the First Nation's consolidated financial statements.

Contribution agreements

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements may be subject to repayment upon final review by the relevant funding authority. This amount cannot be reasonably estimated at this point in time.

14. Biological Assets - Bison

	<i>Balance, beginning of year</i>	<i>Purchases</i>	<i>Balance, end of year</i>
Bulls	-	3	3
Cows	-	7	7
Calves	-	10	10
 Total Bison	 -	 20	 20
 Fair value of bison	 -	 53,150	 53,150

15. CMHC Reserves

Operating reserve

The First Nation's CMHC Housing Program receives funding to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this program. Any operating surpluses are retained in an operating reserve fund, which can be used to recover future operating deficits.

Replacement reserve

A replacement reserve has been established for replacement of capital equipment and for major repairs to the houses. Pursuant to CMHC agreements, operating provisions of \$50 per unit per month are made for phase 8, \$101 for phase 9, \$98 for phase 10, \$95 for phase 11, \$100 for phase 12, 13 and 14, and \$88 for phase 15. Any applicable expenditure is charged against the reserve.

At March 31, 2022 the replacement reserve is under-funded by \$27,596 (2021 - over-funded by \$9,696).



The Key First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

16. Accumulated surplus

Accumulated surplus consists of the following:

	2022	2021
Equity in Ottawa Trust Funds	304,756	13,367
Equity in CMHC operating reserve	(34,824)	(12,601)
Equity in CMHC replacement reserve	137,751	146,202
Equity in tangible capital assets	9,154,632	8,687,034
Unrestricted surplus (deficit)	179,279	(602,220)
	<hr/> 9,741,594	<hr/> 8,231,782

The First Nation does not maintain a moveable asset reserve.

17. Commitment

During the year, the First Nation received a Ministerial Guarantee on a loan of \$704,594 for the purposes of constructing six housing units under the CMHC Section 95 program. As of the issuance of these Financial Statements, the total cost for phase 16 was \$1,019,480, part of which is included in Assets Under Construction. Assets under construction also include costs for phase 17 in the amount of \$327,324.

18. Economic dependence

The Key First Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

19. Indigenous Services Canada and First Nations and Inuit Health Branch Reconciliation

	2022	2021
ISC and FNIHB funding per confirmation	7,143,767	6,050,195
Add (less): funding reconciliations		
Band Employee Benefits	-	16,708
High School Tuition	-	5,593
Band Employee Benefits - CPP	-	569
Bridge repair	(89,019)	-
P&ID - gov capacity dev - by-law policy	(5,489)	-
	<hr/> (94,508)	<hr/> 22,870
Deferred revenue - beginning of year	2,915,346	1,674,320
Deferred revenue - end of year	(5,157,332)	(2,915,346)
	<hr/> (2,241,986)	<hr/> (1,241,026)
	<hr/> 4,807,273	<hr/> 4,832,039



The Key First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

20. Segments

The First Nation has 8 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Band Government - includes administration and governance activities.

Education - includes the operations of education programs.

Economic Development - includes activities for the development of the First Nation's land and resources.

Social - activities include delivering social programs.

Community - includes activities for the maintenance of the community and its infrastructure.

Housing - includes the operations of housing programs.

Community Health - includes operation of health programs.

Other - other band programs which do not meet the criteria for the other segments.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

21. Budget information

The disclosed budget information was approved by the Chief and Council of the First Nation on May 15, 2020.

The budget process followed by management only includes activities directed by the First Nation. Management does not prepare a budget for capital projects administered through third party project managers.

22. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.



The Key First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2022

	<i>Buildings</i>	<i>Housing</i>	<i>Equipment</i>	<i>Water & Sewer</i>	<i>Land</i>	<i>Vehicles</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	3,850,411	6,359,615	1,296,490	1,494,485	5,018,770	414,256	18,434,027
Acquisition of tangible capital assets	-	-	-	284,985	-	127,838	412,823
Construction-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	(3,323)	-	(3,323)
Transfers	-	(119,017)	-	-	-	-	(119,017)
Balance, end of year	3,850,411	6,240,598	1,296,490	1,779,470	5,015,447	542,094	18,724,510
Accumulated amortization							
Balance, beginning of year	2,724,236	2,826,151	538,221	468,203	-	250,389	6,807,200
Annual amortization	109,354	210,336	157,861	32,422	-	58,822	568,795
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	2,833,590	3,036,487	696,082	500,625	-	309,211	7,375,995
Net book value of tangible capital assets	1,016,821	3,204,111	600,408	1,278,845	5,015,447	232,883	11,348,515
2021 Net book value of tangible capital assets	1,157,624	3,761,509	758,269	994,834	5,018,770	163,867	11,854,873



The Key First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2022

	<i>Subtotal</i>	<i>Assets Under Construction</i>	2022	2021
			<i>Actual</i>	<i>Actual</i>
Cost				
Balance, beginning of year	18,434,027	228,046	18,662,073	16,000,810
Acquisition of tangible capital assets	412,823	821,410	1,234,233	2,640,214
Construction-in-progress	-	-	-	228,046
Disposal of tangible capital assets	(3,323)	-	(3,323)	(207,000)
Transfers	(119,017)	119,017	-	-
Balance, end of year	18,724,510	1,168,473	19,892,983	18,662,070
Accumulated amortization				
Balance, beginning of year	6,807,200	-	6,807,200	6,554,329
Annual amortization	568,795	-	568,795	459,868
Accumulated amortization on disposals	-	-	-	(207,000)
Balance, end of year	7,375,995	-	7,375,995	6,807,197
Net book value of tangible capital assets	11,348,515	1,168,473	12,516,988	11,854,873
2021 Net book value of tangible capital assets	11,854,873	-	11,854,873	



The Key First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Consolidated expenses by object			
Salaries and benefits	1,480,521	1,750,297	1,600,405
Student expenses	903,307	944,018	970,274
Band support	5,000	826,403	809,295
Contracted services	493,174	735,905	590,900
Amortization	-	568,795	459,868
Professional fees	155,000	357,656	601,369
Community events, culture and recreation	242,800	331,876	373,534
Social assistance	322,860	263,047	390,553
Repairs and maintenance	678,810	255,396	388,124
Supplies	85,478	254,575	263,776
Travel and meetings	185,790	233,667	159,438
Insurance	115,532	217,157	275,143
Utilities	75,122	136,145	90,158
Interest on long-term debt	137,451	117,137	87,133
Wakes and funerals	15,000	115,769	62,734
Program expense	44,590	64,130	39,740
Training	63,866	51,236	2,235
Per capita distributions	-	42,672	86,547
Property tax	20,800	41,689	32,008
Telephone	40,027	32,101	35,536
Office supplies	46,402	23,879	53,820
Bank charges and interest	30,363	22,864	37,619
Consulting	25,000	20,058	132,796
Special projects	-	12,634	-
Elders	15,000	11,200	10,995
COVID	-	10,396	52,480
Bad debts	-	7,014	2,019
Advertising	12,000	5,396	-
Rent	10,776	4,562	-
Administration transfers	(7,750)	(1,650)	34,500
	5,196,919	7,456,024	7,642,999



**The Key First Nation
Band Government**
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada	423,753	670,503	761,761
Other	23,000	70,197	47,753
Yorkton Tribal Council	-	30,730	14,369
Contributions (expense)	-	-	(275,000)
	446,753	771,430	548,883
Expenses			
Salaries and benefits	636,662	667,156	612,135
Professional fees	152,000	306,583	553,571
Contracted services	232,000	193,130	157,538
Travel and meetings	100,500	109,217	64,822
Wakes and funerals	15,000	66,754	26,593
Band support	5,000	63,103	127,481
Interest on long-term debt	-	62,732	40,326
Insurance	12,000	50,493	149,692
Training	35,000	30,000	-
Telephone	27,939	20,978	21,037
Bank charges and interest	9,000	18,872	31,661
Consulting	15,000	18,370	17,902
Supplies	-	17,511	9,579
Community events, culture and recreation	10,000	15,345	17,896
Office supplies	23,818	13,737	30,745
Elders	15,000	11,200	10,994
Bad debts	-	6,239	4,019
Student expenses	15,000	6,100	7,080
Rent	10,776	4,562	-
Utilities	20,615	3,672	2,040
Advertising	12,000	1,613	-
COVID	-	1,056	52,480
Program expense	-	-	2,500
Administration (recovery)	(240,441)	(481,228)	(361,517)
	1,106,869	1,207,195	1,578,574
Deficit before transfers	(660,116)	(435,765)	(1,029,691)
Transfers between programs	381,529	211,178	547,405
Deficit	(278,587)	(224,587)	(482,286)



**The Key First Nation
Education**
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada	1,195,762	1,128,744	1,472,378
Other	-	-	13,685
Yorkton Tribal Council	-	13,500	-
	1,195,762	1,142,244	1,486,063
Expenses			
Student expenses	883,165	926,167	967,349
Community events, culture and recreation	207,800	206,374	263,794
Administration	85,319	79,964	90,797
Salaries and benefits	22,500	50,022	92,049
Amortization	-	27,543	22,259
Repairs and maintenance	38,000	23,922	14,697
Contracted services	47,800	17,715	42,017
Travel and meetings	13,199	9,015	6,157
Bank charges and interest (recovery)	500	1,096	(222)
Insurance	5,000	1,004	2,252
Training	-	700	-
Social assistance	9,000	628	31,744
Office supplies	1,000	277	1,087
Supplies	-	68	12,798
	1,313,283	1,344,495	1,546,778
Deficit before other items	(117,521)	(202,251)	(60,715)
Transfers between programs	-	178,377	-
Deficit	(117,521)	(23,874)	(60,715)



**The Key First Nation
Economic Development**
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada	100,228	217,073	215,507
Contributions	55,000	126,526	-
Fair value adjustment - biological assets	-	44,150	-
Yorkton Tribal Council	46,500	46,700	46,700
Painted Hand CDC	-	37,095	57,200
	201,728	471,544	319,407
Expenses			
Contracted services	99,903	178,882	7,908
Salaries and benefits	68,580	97,122	91,790
Community events, culture and recreation	-	57,920	54,332
Supplies	68,750	37,447	10,055
Administration	14,673	10,022	17,696
Property tax	-	7,781	-
Travel and meetings	5,625	1,679	2,129
Repairs and maintenance	85,000	1,134	16,891
Insurance	300	265	70
Interest on long-term debt	-	178	-
Bad debts (recovery)	-	-	(2,000)
Consulting	-	-	108,800
Office supplies	2,500	-	3,785
	345,331	392,430	311,456
Surplus before other items	(143,603)	79,114	7,951
Other income			
Gain on disposal of tangible capital assets	-	-	14,000
Surplus before transfers	(143,603)	79,114	21,951
Transfers between programs	110,315	225,327	40,000
Surplus	(33,288)	304,441	61,951



**The Key First Nation
Social**
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada	384,418	352,689	419,662
Yorkton Tribal Council	-	63,675	32,650
Contributions (expense)	-	-	(333,822)
Prevention	-	-	495,595
	384,418	416,364	614,085
Expenses			
Social assistance	313,860	262,419	358,808
Administration	-	57,184	19,262
Supplies	-	54,270	45,643
Salaries and benefits	40,792	50,640	51,263
Training	28,866	1,932	229
Bank charges and interest	400	680	816
Office supplies	-	108	5,595
Travel and meetings	500	86	-
Program expense	-	-	80
	384,418	427,319	481,696
(Deficit) surplus before other items	-	(10,955)	132,389
Transfers between programs	-	-	(63,075)
(Deficit) surplus	-	(10,955)	69,314



**The Key First Nation
Community**
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada	325,395	1,038,190	484,469
Other	-	1,499	17,771
	325,395	1,039,689	502,240
 Expenses			
Amortization	-	319,656	206,701
Contracted services	35,718	211,963	23,145
Salaries and benefits	157,315	206,893	172,610
Utilities	38,184	128,233	68,783
Repairs and maintenance	57,546	115,520	84,643
Administration	22,379	103,235	43,435
Insurance	30,000	19,160	30,294
Program expense	-	5,240	-
Community events, culture and recreation	-	5,000	-
Travel and meetings	2,200	4,862	1,490
Training	-	1,556	-
Telephone	1,200	433	645
Bank charges and interest	-	78	180
Supplies	3,348	-	73
Consulting	10,000	-	-
Office supplies	-	-	266
	357,890	1,121,829	632,265
Deficit before other items	(32,495)	(82,140)	(130,025)
Other income			
Gain on disposal of tangible capital assets	-	-	50,000
Deficit before transfers	(32,495)	(82,140)	(80,025)
Transfers between programs	(6,611)	107,350	132,889
Surplus	(39,106)	25,210	52,864



The Key First Nation
Housing
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada	46,200	468,537	280,321
Canada Mortgage and Housing Corporation	-	206,447	165,088
Rental income	34,000	27,864	38,762
Other	-	22,200	-
Contributions (expense)	-	(8,008)	(5,624)
	80,200	717,040	478,547
Expenses			
Amortization	-	210,336	220,337
Insurance	45,000	140,320	71,312
Repairs and maintenance	477,634	99,846	170,531
Salaries and benefits	20,000	72,782	37,625
Interest on long-term debt	-	22,787	22,917
Professional fees	-	13,788	11,926
Administration	11,408	10,746	11,408
Bank charges and interest	-	503	557
Travel and meetings	-	118	769
	554,042	571,226	547,382
Surplus (deficit) before other items and transfers	(473,842)	145,814	(68,835)
Transfers between programs	6,611	5,951	6,611
Surplus (deficit)	(467,231)	151,765	(62,224)



**The Key First Nation
Community Health**
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada	931,171	723,739	1,197,941
Other	2,500	713	3,918
Yorkton Tribal Council	272,283	418,554	474,819
	1,205,954	1,143,006	1,676,678
Expenses			
Salaries and benefits	534,672	605,679	502,933
Administration	98,912	167,397	167,715
Supplies	13,380	135,179	176,355
Contracted services	77,753	131,624	360,293
Travel and meetings	63,766	78,200	37,267
Program expense	44,590	47,770	37,160
Community events, culture and recreation	25,000	47,237	37,513
Training	-	17,048	2,007
Special projects	-	12,634	-
Amortization	-	11,217	10,517
Telephone	10,888	10,690	13,854
Repairs and maintenance	15,630	9,973	72,984
COVID	-	9,340	-
Office supplies	19,084	9,255	11,027
Insurance	21,000	5,915	21,524
Band support	-	5,140	133,443
Utilities	16,323	4,241	19,284
Student expenses	5,142	1,000	-
Bank charges and interest	1,300	201	491
	947,440	1,309,740	1,604,367
(Deficit) surplus	258,514	(166,734)	72,311



The Key First Nation
Other
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2022

	2022 Budget (Note 21)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada	-	207,800	-
Key First Nation Pelly Haylands Trust	-	2,107,383	1,704,002
Lease income	19,175	736,217	711,144
First Nations Trust	300,000	241,960	302,086
Yorkton Tribal Council	-	9,714	-
Other	-	6,635	139,103
Rental income	9,600	4,600	4,400
Interest income	-	4,456	1,530
Contributions (expense)	-	(60,000)	608,822
	328,775	3,258,765	3,471,087
Expenses			
Band support	-	758,160	548,371
Administration	-	51,030	45,704
Wakes and funerals	-	49,015	36,141
Per capita distributions	-	42,672	86,547
Professional fees	3,000	37,285	35,871
Property tax	20,800	33,908	32,008
Interest on long-term debt	137,451	31,440	23,889
Travel and meetings	-	30,491	46,805
Program expense	-	11,120	-
Student expenses (recovery)	-	10,751	(4,155)
Supplies	-	10,100	9,273
Repairs and maintenance	-	5,001	28,378
Advertising	-	3,783	-
Contracted services	-	2,592	-
Consulting	-	1,688	6,094
Bank charges and interest	19,163	1,434	4,136
Bad debts	-	775	-
Office supplies	-	502	1,315
Amortization	-	43	54
Salaries and benefits	-	-	40,000
Utilities	-	-	50
Insurance	2,232	-	-
	182,646	1,081,790	940,481
Surplus before other items	146,129	2,176,975	2,530,606
Other income			
Gain on disposal of tangible capital assets	-	5,756	-
Surplus before transfers	146,129	2,182,731	2,530,606
Transfers between programs	(491,844)	(728,182)	(663,830)
Surplus	(345,715)	1,454,549	1,866,776