



Kawacatoose First Nation
Consolidated Financial Statements
March 31, 2020



Kawacatoose First Nation Contents

For the year ended March 31, 2020

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Management's Responsibility

To the Members of Kawacatoose First Nation:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditor.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Chief and Council to audit the consolidated financial statements and report directly to the Members of Kawacatoose First Nation; their report follows. The external auditor has full and free access to, and meets periodically and separately with, both Chief and Council and management to discuss their audit findings.

Signed By: Mary Ann Morin

Management

Independent Auditor's Report

To the Members of Kawacatoose First Nation:

Opinion

We have audited the consolidated financial statements of Kawacatoose First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, 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 the First Nation as at March 31, 2020, and the results of its consolidated operations, its consolidated changes 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.

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 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 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.

Independent Auditor's Report

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.

Saskatoon, Saskatchewan

December 3, 2020

MNP LLP

Chartered Professional Accountants

MNP



Kawacatoose First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Current		
Restricted cash	444,903	170,473
Accounts receivable (Note 3)	531,569	1,807,367
Inventory for resale	199,069	213,301
	1,175,541	2,191,141
Funds held in trust (Note 4)	25,742	13,976
	1,201,283	2,205,117
Liabilities		
Current		
Bank indebtedness (Note 5)	803,028	414,473
Accounts payable and accruals	840,968	1,591,085
Deferred revenue (Note 6)	1,779,532	966,458
Due to related parties (Note 7)	2,323,868	2,282,420
Current portion of long term debt and capital lease obligations (Note 8), (Note 9)	770,514	729,592
	6,517,910	5,984,028
Long-term debt (Note 8)	4,241,964	4,845,095
Capital lease obligations (Note 9)	248,189	418,474
Total liabilities	11,008,063	11,247,597
Net debt	(9,806,780)	(9,042,480)
Contingent liabilities (Note 10)		
Non-financial assets		
Tangible capital assets (Note 11)	25,227,933	25,858,484
Prepaid expenses	43,257	6,446
Total non-financial assets	25,271,190	25,864,930
Accumulated surplus (Note 12)	15,464,410	16,822,450

Approved on behalf of Chief and Council

Signed By: Chief Thomas Dustyhorn

Chief

Signed By: Lee-Anne Kehler

Councilor



Kawacatoose First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2020

	<i>2020 Budget (Note 15)</i>	<i>2020 Actual</i>	<i>2019 Actual</i>
Revenues			
Indigenous Services Canada (Note 17)	6,019,612	11,128,004	9,132,796
Retail sales	1,740,000	3,693,278	3,588,481
First Nations Trust	1,156,000	972,542	992,251
Touchwood Agency Tribal Council Inc.	685,394	831,663	1,018,578
Touchwood Child & Family Services Inc.	-	510,966	1,486,613
Dakota Dunes CDC	362,607	357,925	361,575
Canada Mortgage and Housing Corporation	261,619	158,456	178,080
Other	24,180	147,859	259,715
Lease	-	136,372	17,322
CMHC rental	154,208	124,045	122,910
BHP Billiton	-	96,900	80,202
Contribution from Kawacatoose TLE	-	40,000	40,000
Interest	-	2,476	1,126
Gain on disposal of tangible capital assets	-	-	27,146
Total revenues	10,403,620	18,200,486	17,306,795
Program expenses			
Band Government	1,393,016	3,015,427	2,619,477
Band Project Revenue	2,141,731	4,647,511	4,181,430
Capital	-	2,006,411	1,475,306
CMHC Housing	193,991	274,829	661,963
Community Based Services	1,483,738	1,982,131	1,617,235
Community Infrastructure	310,035	1,118,163	1,712,858
Education	2,460,899	3,180,565	2,582,543
Lands and Membership	212,745	430,761	251,550
Post Secondary	1,099,921	1,381,226	1,214,789
Social Delivery	105,273	1,521,502	1,257,883
Total program expenses	9,401,349	19,558,526	17,575,034
Surplus (deficit)	1,002,271	(1,358,040)	(268,239)
Accumulated surplus, beginning of year	16,822,450	16,822,450	17,090,689
Accumulated surplus, end of year	17,824,721	15,464,410	16,822,450



Kawacatoose First Nation

Consolidated Statement of Changes in Net Debt

For the year ended March 31, 2020

	2020 Budget (Note 15)	2020 Actual	2019 Actual
Surplus (deficit)	1,002,271	(1,358,040)	(268,239)
Purchases of tangible capital assets	(120,237)	(1,034,707)	(272,835)
Tangible capital assets acquired through capital lease	-	-	(256,448)
Amortization of tangible capital assets	-	1,665,258	1,690,686
Use (acquisition) of prepaid expenses	-	(36,811)	70,007
Proceeds of disposal of tangible capital assets	-	-	145,000
Gain on disposal of tangible capital assets	-	-	(27,146)
Change in reporting entity	-	-	(23,458)
	(120,237)	593,740	1,325,806
Changes in net debt	882,034	(764,300)	1,057,567
Net debt, beginning of year	(9,042,480)	(9,042,480)	(10,100,047)
Net debt, end of year	(8,160,446)	(9,806,780)	(9,042,480)

The accompanying notes are an integral part of these consolidated financial statements



Kawacatoose First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Deficit	(1,358,040)	(268,239)
Non-cash items		
Amortization of tangible capital assets	1,665,258	1,690,686
Gain on disposal of tangible capital assets	-	(27,146)
	307,218	1,395,301
Changes in accounts		
Accounts receivable	1,275,798	(1,397,459)
Inventory for resale	14,232	(37,022)
Prepaid expenses	(36,811)	70,007
Accounts payable and accruals	(750,117)	212,774
Deferred revenue	813,074	(106,898)
	1,623,394	136,703
Financing activities		
Increase (decrease) in bank indebtedness	388,555	(5,795)
Increase in due to related parties (net)	41,448	377,536
Advances of long-term debt	-	252,500
Repayment of long-term debt	(572,554)	(443,217)
Repayment of capital lease obligations	(159,940)	(271,147)
	(302,491)	(90,123)
Capital activities		
Purchases of tangible capital assets	(1,034,707)	(272,835)
Proceeds of disposal of tangible capital assets	-	145,000
	(1,034,707)	(127,835)
Investing activities		
Increase in restricted cash	(274,430)	(18,602)
Decrease (increase) in funds held in trust (net)	(11,766)	68,818
Change in reporting entity	-	31,039
	(286,196)	81,255
Increase in cash resources	-	-
Cash resources, beginning of year	-	-
Cash resources, end of year	-	-
Supplementary cash flow information		
Interest paid	273,908	246,892

The accompanying notes are an integral part of these consolidated financial statements



Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

1. Operations

The Kawacatoose First Nation (the "First Nation") is located in Treaty 4 Territory, Canada and provides various services to its Members. The Kawacatoose First Nation financial reporting entity includes the First Nation's operations and all related entities that are controlled by the First Nation.

2. Significant accounting policies

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

Reporting entity

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

The First Nation has consolidated the assets, liabilities, revenues and expenses of the following entities and departments:

- Kawacatoose First Nation;
- Kawacatoose First Nation CMHC Housing;
- Kawacatoose Business Development Corporation;
- Asiniw Resources Ltd.;
- 101159591 Saskatchewan Ltd. (operating as KFN Market Husky);
- Kawacatoose Enterprises (590376 Saskatchewan Ltd.); and
- Kawacatoose General Store Limited Partnership.

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.

Basis of presentation

Sources of revenues and expenses are recorded on 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 a legal obligation to pay.

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.

Restricted cash

Restricted cash consists of funds held in the CMHC replacement reserve bank account, the CMHC operating reserve bank account and separate bank accounts set up for capital projects.

Inventory

Inventory for resale is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.



Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

Funds held in trust

Funds held in trust on behalf of First Nation's Members by the Government of Canada consist of:

- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenues from trust moneys are recognized when measurable, earned and collection is reasonably assured. These moneys are reported on by the Government of Canada.

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 comprise a second indicator of financial position, accumulated surplus.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

Land purchased is recorded at the purchase price. Original reserve land is not recognized in the First Nation's consolidated financial statements.

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Amortization

Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Buildings	25 years
Housing	25 years
Subdivision	25 years
Equipment	5 years
Water and sewer	25 years
Roads	25 years

Projects under construction are not amortized until they are put into use. Land is not amortized.

Revenue recognition

Revenue from funding agencies 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.

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.

Rental revenue is recognized over the rental term. Contributions from Kawacatoose TLE are recorded in the period the resources are used for the purpose specified by the terms of the contributions. Other revenues earned from services provided by the First Nation are recognized when the service has been performed. Insurance proceeds are recognized when collection is reasonably assured.



Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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

Retail sales are recognized when the sale is made and the customer takes possession of the merchandise.

Use of estimates

The preparation of consolidated financial statements 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 revenues and expenditures during the reporting period. These estimates/assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records in the periods in which they become known.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenues are recorded based on estimated eligible expenses incurred in the related programs.

Segments

The First Nation conducts its business through 11 reportable segments (Note 14). 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.

For each reported segment, revenues 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.

Other economic interests

The Kawacatoose First Nation is a member of the Touchwood Agency Specific Claim. The Touchwood Agency Specific Claim is an organization of five Nations, whose purpose is to negotiate a specific claim with regards to the Department of Indigenous Services Canada's alleged mismanagement of funds of the Touchwood Agency during the period 1920 to 1924.

The Kawacatoose First Nation is a member of Touchwood Child and Family Services Inc. Touchwood Child and Family Services Inc. is an organization of five Nations, whose purpose is to provide Child and Family services to the member Nations.

The Kawacatoose First Nation is a member of the Touchwood Agency Tribal Council Inc. The Touchwood Agency Tribal Council Inc. is an organization of four Nations, whose purpose is to provide services to the member Nations.

The First Nation does not share in the significant risks and benefits of the operations of the above entities. As a result, the financial statements of the Touchwood Agency Specific Claim, Touchwood Child and Family Services Inc. and Touchwood Agency Tribal Council Inc. have not been reported in these consolidated financial statements of Kawacatoose First Nation.

The First Nation is a member of several other entities. The First Nation does not share in the significant risks and benefits associated with the operations of these entities. As a result these entities have not been reported in these consolidated financial statements.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site 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 March 31, 2020. There are no known liabilities at March 31, 2020.



Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

3. Accounts receivable

	2020	2019
Dakota Dunes CDC	223,879	125,531
Touchwood Agency Tribal Council Inc.	211,507	74,873
GST rebates	51,566	51,470
Indigenous Services Canada - FNIHB	16,255	-
Other	15,906	19,496
Canada Mortgage and Housing Corporation	12,456	49,384
Touchwood Child & Family Services Inc. - prevention reimbursement claim	-	1,486,613
	531,569	1,807,367

4. Funds held in trust

Funds held in trust are held on behalf of the Members of Kawacatoose First Nation by the Government of Canada and consist of a revenue trust fund. Moneys are transferred from the fund to the First Nation on the authorization of the First Nation's Chief and Council, with the consent of the Minister of Indigenous Services Canada.

	2020	2019
Revenue Trust		
Balance, beginning of year	13,976	82,794
Interest	2,476	1,126
Land leases	136,372	17,322
	152,824	101,242
Less: Transfers to First Nation	127,082	87,266
Balance, end of year	25,742	13,976

5. Bank indebtedness

The First Nation has a line of credit available with Peace Hills Trust Company with an authorized limit of \$200,000, secured by an assignment of ISC funding, bearing interest at prime plus 3.0%. Unauthorized overdraft is subject to interest at 24%. As at March 31, 2020, \$122,475 (2019 - \$200,000) had been advanced. The remainder of bank indebtedness is comprised of outstanding cheques and deposits.



Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

6. Deferred revenue

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

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions recognized</i>	<i>Balance, end of year</i>
Treaty Land Entitlement Trust - Band Development	841,439	-	40,000	801,439
Solid Waste Transfer Station (ISC)	77,743	700,000	77,673	700,070
Jordan's Principle - Mental Health (FNIHB - Set)	-	137,538	-	137,538
Special Needs Covid-19 (ISC)	-	35,710	-	35,710
Institutional Care (ISC)	-	83,797	52,002	31,795
Subdivision (ISC)	28,752	-	-	28,752
Jordan's Principle - Education (ISC)	-	32,848	17,799	15,049
Recovery - Covid-19 (ISC)	-	119,956	106,143	13,813
Water Treatment Plant (ISC)	10,166	-	-	10,166
Well Rehab & Distribution Pump (ISC)	8,358	-	3,158	5,200
	966,458	1,109,849	296,775	1,779,532

7. Due to (from) related parties

Due to (from) related parties are non-interest bearing (unless otherwise disclosed), unsecured and with no fixed repayment terms. These parties are related through common membership.

	<i>2020</i>	<i>2019</i>
Kawacatoose Treaty Land Entitlement Trust	1,024,505	1,225,041
Kawacatoose Treaty Land Entitlement Trust - Indigena Holdings Canada	759,484	517,500
Kawacatoose Treaty Land Entitlement Trust - 2014 loan with interest at 8%	500,000	500,000
Kawacatoose Specific Claim Trust	39,879	39,879
Due from Kanosis Business Development Limited Partnership	(1,407,155)	(1,407,155)
Allowance - due from Kanosis Business Development Limited Partnership	1,407,155	1,407,155
	2,323,868	2,282,420

8. Long-term debt

The following 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:

Phase	Monthly Payment Including Interest	Interest Rate	Renewal Date	<i>2020</i>	<i>2019</i>
XVII	1,638	2.01%	1-May-20	83,038	100,838
XVIII	343	1.04%	1-Oct-20	21,040	24,919
XIX	1,647	2.06%	1-Nov-22	135,845	152,625
XX	1,733	1.04%	1-Oct-20	109,463	129,005
XXI	1,968	2.70%	1-Nov-23	258,832	275,235
XXII	4,220	1.97%	1-Dec-22	928,676	960,711
				1,536,894	1,643,333



Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

8. Long-term debt (Continued from previous page)

Peace Hills Trust consolidation loan, repayable in quarterly instalments of \$160,000 including interest at PHT prime rate plus 2.05%. Loan maturing January 2022, secured by a general security agreement and assignment of band funds and other source revenue.	3,093,795	3,531,626
Peace Hills Trust term loan, repayable in monthly instalments of \$3,000 including interest at 6.00%. Loan maturing September 2023, secured by a general security agreement and assignment of band funds and other source revenue.	112,677	140,961
Canada Mortgage and Housing Corporation Phase 23 advance	97,500	97,500
	4,840,866	5,413,420
Less: current portion of long-term debt	598,902	568,325
	4,241,964	4,845,095

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

2021	598,902
2022	631,241
2023	665,452
2024	682,766
2025	701,842

9. Capital lease obligations

	2020	2019
Capital lease with Brandt Tractor Ltd. for a 2018 John Deere 770G Motor Grader, with interest at 4.99%, blended monthly payments of \$4,848, with the option to buy for \$1 at September 2023, secured by equipment with net book value of \$195,205	186,463	232,708
Capital lease with Brandt Tractor Ltd. for a 2012 Terex Finlay 683T Screener, with interest at 6.75%, blended monthly payments of \$4,102, with the option to buy for \$1 at April 2022, secured by equipment with a net book value of \$84,294	91,855	133,349
Capital lease with Brandt Tractor Ltd. for a 2014 John Deere Loader, with interest at 6.75%, blended monthly payments of \$3,866, with the option to buy for \$1 at September 2021, secured by equipment with a net book value of \$39,499	65,999	106,437
Capital lease with Brandt Tractor Ltd. for a 2017 John Deere 410L Backhoe, with interest at 6.75%, blended monthly payments of \$2,149, with the option to buy for \$10 at May 2022, secured by equipment with net book value of \$43,144	49,995	71,612
Capital lease with Brandt Tractor Ltd. for a 2016 John Deere 318E Skid Steer Loader, with interest at 6.75%, blended monthly payments of \$1,020, with the option to buy for \$1 at July 2022, secured by equipment with net book value of \$20,448	25,489	35,635
	419,801	579,741
Less: current portion	171,612	161,267
	248,189	418,474



Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

9. Capital lease obligations *(Continued from previous page)*

Minimum lease payments related to obligations under capital lease are as follows:

2021	191,817
2022	168,623
2023	63,383
2024	29,087
<hr/>	
	452,910
Less: imputed interest	33,109
<hr/>	
Balance of obligation	419,801
Less: current portion	171,612
<hr/>	
	248,189
<hr/>	



Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

10. Contingent liabilities

Touchwood Agency Specific Claim

The Government of Canada provided Touchwood Agency Specific Claim with an interest-free loan of approximately \$2,250,000. The loan was used for research, development and negotiation of its claim related to the alleged mismanagement of the Touchwood Agency funds by Indian Affairs Canada from 1920 to 1924. The loan is interest free and repayable on the earlier of March 31, 2010 or the date on which the claim is settled. There are provisions in the loan agreement with Indigenous Services Canada to have the repayment period extended. The five Nations who are members of the Touchwood Agency Specific Claim may be directly or indirectly responsible for the repayment of this loan. The amount of the liability, if any, is not determinable at this time. If any liability results from the loan, it will be recorded in the period the liability is determinable. As at March 31, 2020 the Government of Canada has not requested repayment. If the claim is not settled, it is uncertain if the loan will have to be paid back to the Government of Canada.

Touchwood Agency Band Misadministration Claim Trust

During the year, the First Nation along with four other First Nations engaged legal counsel to jointly advance their claims related to the alleged mismanagement of the Touchwood Agency funds by Indian Affairs Canada from 1920 to 1924. Financing and an insurance policy to cover legal fees were obtained by Touchwood Agency Band Misadministration Claim Trust at the direction of the five First Nations. Financing has been authorized to a maximum of \$4,855,760 to cover expenses relating to the advancement of the claim. At March 31, 2020 there was a contingent fee agreement in place which ranged from 4% to 12% of the settlement depending on how the claim is settled. The financing and contingent fees are expected to be paid from settlement proceeds. Should there be any amounts in excess of settlement proceeds these would be expected to be covered by the insurance policy. The five Nations who are members of the Trust have guaranteed the financing obtained by the Trust and are responsible for the repayment of any amounts not covered by settlement proceeds or insurance. The Trust is not controlled or jointly controlled by the First Nation and as a result is not included in the consolidated financial statements.

Subsequent to year-end, the First Nation requested another law firm to pursue the claim on its behalf. The amount of liability, if any, of the First Nation for the services rendered by the previous law firm is not determinable at this time. If any liability for the First Nation does result from the work completed by the previous law firm, it will be recorded in the period the liability is determinable.

Funding

These consolidated financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews. Any forfeited funding will be recorded in the year the amounts are determined.

FNIHB ministerial audit

The First Nation is currently undergoing a ministerial audit by FNIHB. It is possible that funding recoveries could be made based on the results of the audit. Any forfeited funding will be recorded in the year the amounts are determined.

Legal contingencies

The First Nation has obtained legal counsel to represent them in various claims against the Government of Canada. Fees relating to these claims have not been invoiced. It is expected that any fees relating to these claims will be invoiced when the claim is resolved and will be paid from settlement proceeds.



Kawacatoose First Nation Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

11. Tangible capital assets

Cost										
	<i>Buildings</i>	<i>Housing</i>	<i>Subdivision</i>	<i>Equipment</i>	<i>Water and Sewer</i>	<i>Roads</i>	<i>Projects Under Construction</i>	<i>Purchased Land</i>	<i>2020</i>	<i>2019</i>
Balance, beginning of year	14,689,037	12,957,626	1,015,072	2,744,632	6,635,967	1,148,714	22,257	8,637,240	47,850,545	47,485,257
Acquisition of tangible capital assets	-	-	-	141,242	-	-	893,465	-	1,034,707	529,283
Change in reporting entity	-	-	-	-	-	-	-	-	-	130,641
Disposal of tangible capital assets	(166,339)	-	-	-	-	-	-	-	(166,339)	(294,636)
Balance, end of year	14,522,698	12,957,626	1,015,072	2,885,874	6,635,967	1,148,714	915,722	8,637,240	48,718,913	47,850,545

Accumulated amortization

Balance, beginning of year	10,278,466	5,851,164	642,129	1,859,038	3,032,366	328,898	-	-	21,992,061	20,364,528
Annual amortization	583,830	398,463	40,603	330,974	265,439	45,949	-	-	1,665,258	1,690,686
Change in reporting entity	-	-	-	-	-	-	-	-	-	113,629
Accumulated amortization on disposals	(166,339)	-	-	-	-	-	-	-	(166,339)	(176,782)
Balance, end of year	10,695,957	6,249,627	682,732	2,190,012	3,297,805	374,847	-	-	23,490,980	21,992,061
2020 Net book value	3,826,741	6,707,999	332,340	695,862	3,338,162	773,867	915,722	8,637,240	25,227,933	
2019 Net book value	4,410,571	7,106,462	372,943	885,594	3,603,601	819,816	22,257	8,637,240		25,858,484

Tangible capital assets include assets under capital lease with a gross cost of \$1,145,151 (2019 - \$1,145,151) and accumulated amortization of \$762,559 (2019 - \$584,051). During the year \$nil (2019 - \$256,448) of tangible capital assets were acquired by capital lease.



Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

12. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
Operating fund	(4,872,056)	(3,364,600)
Capital asset fund	19,967,266	19,865,323
CMHC operating reserve	14,474	4,687
CMHC replacement reserve	328,984	303,064
Trust funds	25,742	13,976
	15,464,410	16,822,450

At March 31, 2020 the CMHC reserves are underfunded by \$285,011 (2019 – underfunded \$259,135). The possible effect of this violation of the CMHC funding agreement has not yet been determined.

13. Funds / Reserves

The Kawacatoose First Nation maintains the following funds and reserves as part of its operations:

- Operating Fund reports on the general activities of the First Nation's administration;
- Capital Asset Fund reports on the capital assets and projects of the First Nation, with any related funding, capital financing proceeds and costs incurred transferred from the operating fund;
- CMHC Operating Reserve is required as part of the First Nation's CMHC Housing Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this Program;
- CMHC Replacement Reserve is required as part of the First Nation's CMHC Housing Program. It has been established for replacement of capital equipment and for major repairs to the houses; and
- Trust Funds report on trust moneys owned by the First Nation and held by the Government of Canada.

14. Segments

The First Nation has 11 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Ottawa Trust Funds - reports on revenues allocated to the funds and transfers to other segments.

Band Government - reports on administration and governance activities.

Band Project Revenue - reports on band programs primarily funded with own source funding.

Capital - reports on capital projects and major repairs to housing and community buildings.

CMHC Housing - reports on the operations of the CMHC Housing Program.

Community Based Services - reports on the operations of the community's health program.

Community Infrastructure - reports on the operations and maintenance of infrastructure.

Education - reports on the operations of the education programs.

Lands and Membership - reports on administration of lands and membership.

Post Secondary - reports on funding spent to provide post secondary opportunities to Members of the First Nation.

Social Delivery - reports on the delivery of social programs.

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



Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

14. Segments (Continued from previous page)

Details of the segment revenues and expenses are provided in the accompanying schedules. There are no revenues or expenses that have not been allocated to a segment.

15. Budget information

The budget was approved by Chief and Council of Kawacatoose First Nation in March 2019. No amounts have been budgeted for amortization or capital expenditures. Loan payments were included as expenses in the budget approved by Chief and Council, but have not been included in the consolidated budget as they would not be in accordance with Canadian public sector accounting standards.

16. Scope of operations

Kawacatoose First Nation receives a significant portion of its revenues from the Government of Canada as a result of Treaties entered into with the Crown in Right of Canada. Indigenous Services Canada administers these Treaties on behalf of the Government of Canada 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.

17. Indigenous Services Canada

ISC funding per confirmation	11,995,636
Add:	
Deferred revenue, beginning of year (Note 8)	125,019
Deduct:	
Deferred revenue, end of year (Note 8)	(978,093)
19/20 CPP/QPP & Pension - FN EMPLR reconciliation	(14,558)
	<hr/>
	11,128,004

18. Comparative figures

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

19. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on the First Nation due to restrictions put in place regarding travel, business operations, and isolation/quarantine orders. The First Nation has been impacted by office closures, travel restrictions, cancellation of events and increased costs of compliance with other guidelines and regulation. It is expected that future funding from First Nations Trust and Dakota Dunes Community Development Corporation will be negatively impacted by the pandemic due to the temporary closure of SIGA casinos. Funding has been received to cover some of the additional costs associated with the pandemic.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place to fight the virus.



Kawacatoose First Nation

- Schedule of Consolidated Expenses by Object

For the year ended March 31, 2020

	2020	2019
Salaries and benefits	5,549,521	4,839,293
Retail cost of sales	2,980,630	2,985,614
Amortization	1,665,258	1,690,686
Supplies	1,642,803	812,963
Travel	1,298,377	718,123
Student	1,210,183	1,143,925
Social assistance	1,050,225	1,022,388
Repairs and maintenance	846,389	855,410
Honouraria	665,356	751,764
Bank charges and interest	406,180	447,515
Professional fees	386,693	360,642
Training	287,770	242,972
Insurance	271,317	339,209
Utilities	190,859	233,107
Office	179,833	210,349
Senior and youth programs	160,746	182,835
Telephone	140,391	170,137
Catering and meals	125,902	69,373
Cultural development	125,784	230,826
Contracted services	136,560	20,000
Member assistance	102,070	169,063
Rent paid on behalf of CMHC	79,569	16,651
Interest paid to Kawacatoose TLE	40,000	40,000
Administration	19,980	21,060
Cash short	2,976	1,129
Recovery of prior year expenses	(6,846)	-
	19,558,526	17,575,034



Kawacatoose First Nation
Ottawa Trust Funds
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	<i>2020</i>	<i>2019</i>
Revenues		
Lease	136,372	17,322
Interest	2,476	1,126
Surplus before transfer	138,848	18,448
Transfer between programs	(127,082)	(87,266)
Surplus (deficit)	11,766	(68,818)



Kawacatoose First Nation
Band Government
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	875,933	702,789
First Nations Trust	972,542	992,251
Touchwood Child & Family Services Inc.	462,282	1,486,613
Dakota Dunes CDC	357,925	361,575
Other	102,154	201,647
Gain on disposal of tangible capital assets	-	27,146
	2,770,836	3,772,021
Expenses		
Honouraria	598,341	696,781
Travel	519,736	282,914
Salaries and benefits	449,545	334,268
Supplies	422,109	148,207
Bank charges and interest	356,396	347,445
Professional fees	288,182	320,309
Cultural development	109,091	214,322
Training	105,769	47,979
Member assistance	102,070	169,063
Senior and youth programs	87,182	114,828
Rent paid on behalf of CMHC	79,569	16,651
Telephone	74,634	96,311
Catering and meals	58,223	6,300
Repairs and maintenance	56,427	51,765
Student	25,150	-
Utilities	8,799	13,303
Contracted services	7,253	-
Administration	(333,049)	(240,969)
	3,015,427	2,619,477
Surplus (deficit) before transfer	(244,591)	1,152,544
Transfer between programs	-	87,266
Surplus (deficit)	(244,591)	1,239,810



Kawacatoose First Nation
Band Project Revenue
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	135,595	110,741
Retail sales	3,693,278	3,588,481
Touchwood Agency Tribal Council Inc.	391,131	413,019
BHP Billiton	96,900	80,202
Other	-	45,874
	4,316,904	4,238,317
Expenses		
Retail cost of sales	2,980,630	2,985,614
Salaries and benefits	857,530	717,373
Supplies	190,872	25,648
Repairs and maintenance	139,406	69,083
Office	138,804	179,085
Travel	120,240	48,218
Professional fees	81,787	25,108
Contracted services	47,289	20,000
Senior and youth programs	22,335	770
Amortization	19,228	21,326
Insurance	15,068	8,600
Utilities	14,435	9,942
Training	8,378	16,478
Bank charges and interest	3,716	3,813
Cash short	2,976	1,129
Telephone	2,103	-
Honouraria	1,560	400
Catering and meals	1,154	34,643
Cultural development	-	2,200
Administration	-	12,000
	4,647,511	4,181,430
Surplus (deficit) before transfers	(330,607)	56,887
Transfers between programs	127,082	-
Surplus (deficit)	(203,525)	56,887



Kawacatoose First Nation

Capital

Consolidated Schedule of Segment Revenues and Expenses

For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada		
Flex	1,769,720	100,000
Deferred revenue - opening	125,019	47,276
Deferred revenue - ending	(744,188)	(125,019)
	1,150,551	22,257
Canada Mortgage and Housing Corporation	25,946	41,911
CMHC rental	7,345	-
Other	1,815	809
	1,185,657	64,977
Expenses		
Amortization	1,410,065	1,433,395
Repairs and maintenance	246,444	41,911
Supplies	186,789	-
Salaries and benefits	130,391	-
Travel	22,092	-
Professional fees	3,439	-
Utilities	3,319	-
Administration	3,872	-
	2,006,411	1,475,306
Deficit	(820,754)	(1,410,329)



Kawacatoose First Nation
CMHC Housing
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Canada Mortgage and Housing Corporation	132,510	136,169
CMHC rental	116,700	122,910
	249,210	259,079
Expenses		
Amortization	136,137	136,137
Bank charges and interest	32,144	31,712
Repairs and maintenance	28,030	170,351
Insurance	24,750	25,488
Salaries and benefits	21,031	226,427
Administration	19,980	21,060
Professional fees	12,757	15,225
Supplies	-	20,788
Utilities	-	9,816
Training	-	4,860
Office	-	99
	274,829	661,963
Deficit	(25,619)	(402,884)



Kawacatoose First Nation
Community Based Services
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada		
First Nations & Inuit Health Branch	1,980,919	1,570,513
Flex	119,956	-
Deferred revenue - ending	(151,351)	-
	1,949,524	1,570,513
Touchwood Child & Family Services Inc - prevention	48,684	-
Touchwood Agency Tribal Council Inc.	21,689	11,322
Other	1,524	3,407
	2,021,421	1,585,242
Expenses		
Salaries and benefits	998,344	946,337
Supplies	285,258	168,196
Travel	210,109	175,017
Amortization	99,828	99,828
Repairs and maintenance	71,878	47,708
Contracted services	59,888	-
Telephone	50,753	58,319
Training	49,646	51,065
Catering and meals	45,756	26,430
Senior and youth programs	42,274	13,390
Honouraria	30,855	13,683
Utilities	16,132	5,320
Office	10,765	1,237
Cultural development	10,246	1,000
Bank charges and interest	3,709	8,607
Insurance	3,536	1,098
Recovery of prior year expenses	(6,846)	-
	1,982,131	1,617,235
Surplus (deficit)	39,290	(31,993)



Kawacatoose First Nation
Community Infrastructure
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	867,856	1,370,493
Expenses		
Salaries and benefits	389,724	459,667
Repairs and maintenance	233,431	443,931
Insurance	227,963	303,938
Supplies	141,854	184,160
Utilities	63,143	193,729
Travel	39,651	30,677
Training	18,517	15,112
Contracted services	2,980	-
Telephone	900	12,302
Administration	-	35,965
Bank charges and interest	-	33,377
	1,118,163	1,712,858
Deficit	(250,307)	(342,365)



Kawacatoose First Nation
Education
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	3,192,902	2,373,342
Touchwood Agency Tribal Council Inc.	365,405	451,314
Other	42,366	7,978
	3,600,673	2,832,634
Expenses		
Salaries and benefits	2,264,232	1,819,893
Supplies	304,493	230,636
Travel	171,505	114,843
Administration	147,265	112,134
Utilities	85,031	997
Student	75,411	63,536
Honouraria	33,200	31,900
Training	28,282	94,533
Repairs and maintenance	22,032	5,847
Contracted services	19,150	-
Telephone	9,451	-
Catering and meals	8,005	800
Cultural development	6,447	13,304
Office	3,465	24,197
Senior and youth programs	2,000	53,847
Bank charges and interest	596	15,991
Insurance	-	85
	3,180,565	2,582,543
Surplus	420,108	250,091



Kawacatoose First Nation
Lands and Membership
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	258,104	269,892
Contribution from Kawacatoose TLE	40,000	40,000
	298,104	309,892
Expenses		
Salaries and benefits	148,125	129,158
Travel	147,508	21,494
Interest paid to Kawacatoose TLE	40,000	40,000
Repairs and maintenance	30,211	10,959
Supplies	28,367	10,256
Administration	21,461	24,683
Training	9,724	-
Catering and meals	3,150	-
Honouraria	1,400	9,000
Telephone	500	1,000
Professional fees	315	-
Bank charges and interest	-	5,000
	430,761	251,550
Surplus (deficit)	(132,657)	58,342



Kawacatoose First Nation
Post Secondary
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	1,299,262	1,253,681
Expenses		
Student	1,109,622	1,080,389
Administration	109,992	-
Salaries and benefits	94,094	91,261
Travel	33,285	12,730
Office	17,399	5,731
Bank charges and interest	9,619	1,570
Supplies	6,865	19,456
Training	350	3,122
Telephone	-	530
	1,381,226	1,214,789
Surplus (deficit)	(81,964)	38,892



Kawacatoose First Nation
Social Delivery
Consolidated Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	1,398,277	1,459,088
Touchwood Agency Tribal Council Inc.	53,438	142,923
	1,451,715	1,602,011
Expenses		
Social assistance	1,050,225	1,022,388
Salaries and benefits	196,505	114,909
Supplies	76,196	5,616
Training	67,104	9,823
Administration	50,459	56,187
Travel	34,251	32,230
Repairs and maintenance	18,530	13,855
Catering and meals	9,614	1,200
Office	9,400	-
Senior and youth programs	6,955	-
Telephone	2,050	1,675
Professional fees	213	-
	1,521,502	1,257,883
Surplus (deficit)	(69,787)	344,128