

Kapawe'no First Nation

Consolidated Financial Statements

March 31, 2020

Kapawe'no First Nation**Consolidated Financial Statements**

March 31, 2020

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Kapawe'no First Nation

Management's Responsibility for Financial Reporting

March 31, 2020

The accompanying consolidated financial statements of Kapawe'no First Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

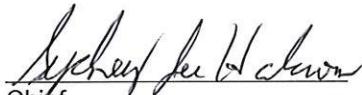
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Kapawe'no First Nation and meet when required.

On behalf of Kapawe'no First Nation:



Chief

July 14/2020

Date



Finance Director

July 14/2020

Date

Independent Auditors' Report

To the Members of Kapawe'no First Nation

Opinion

We have audited the consolidated financial statements of Kapawe'no First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net financial assets 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 Kapawe'no First Nation as at March 31, 2020, and the results of its consolidated operations, its changes in its consolidated 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 Auditors' 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of First Nation taken as a whole. The supplementary information included on the schedules on pages 24 - 63 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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.

Independent Auditors' Report, continued

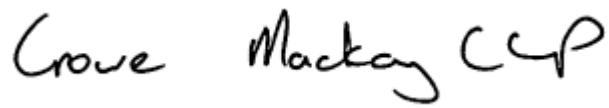
Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' 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 consolidated entities or business activities, 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.

Edmonton, Canada
July 14, 2020



Chartered Professional Accountants

Kapawe'no First Nation**Consolidated Statement of Financial Position**

<u>March 31</u>	<u>2020</u>	<u>2019</u>
Financial Assets		
<hr/>		
Cash (Note 3)	\$ 4,706,170	\$ 4,180,884
Accounts receivable (Note 4)	1,433,357	867,577
Band member receivables (Note 5)	6,914	18,039
Long-term investments (Note 6)	-	402,372
Trust funds (Note 7)	4,998,079	4,887,084
	<hr/> <u>11,144,520</u>	<hr/> <u>10,355,956</u>
Liabilities		
<hr/>		
Operating loan (Note 2)	-	10,000
Accounts payable	645,538	206,965
Deferred revenue (Note 9)	1,032,046	983,326
Long-term debt (Note 10)	940,851	945,407
	<hr/> <u>2,618,435</u>	<hr/> <u>2,145,698</u>
Net financial assets	<u>8,526,085</u>	<u>8,210,258</u>
Non-financial Assets		
<hr/>		
Capital assets (Note 11)	11,563,808	9,788,452
Prepaid expenses	14,062	14,046
	<hr/> <u>11,577,870</u>	<hr/> <u>9,802,498</u>
Accumulated Surplus (Note 12)	<u>\$ 20,103,956</u>	<u>\$ 18,012,757</u>
Contingent liabilities (Note 13)		

Approved on behalf of the Chief and Council

Sydney Je' Holown, Chief

, Councilor

Kapawe'no First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Revenue			
Lesser Slave Lake Indian Regional Council (LSLIRC)	\$ 1,513,160	\$ 3,000,174	\$ 1,583,490
Indigenous Services Canada - Health	1,020,740	855,313	773,506
Federal Funding - Department of Natural Resources	1,499,900	1,499,900	-
Province of Alberta	-	437,792	782,990
Interest and investment income	-	221,729	225,060
Other revenue	2,587,699	2,203,683	2,866,932
	6,621,499	8,218,591	6,231,978
Expenses (Note 18)			
Education	396,418	392,099	372,349
Health	925,665	1,001,618	627,113
Economic Development	118,916	116,605	192,058
Housin	200,228	448,049	276,698
Social Services	620,339	609,764	606,770
Band Government	467,673	436,942	445,754
Community Services	2,943,839	2,098,457	1,204,828
Other	-	322,968	59,882
Amortization	700,890	700,890	696,630
	6,373,968	6,127,392	4,482,082
Excess of revenue over expenses	247,531	2,091,199	1,749,896
Accumulated surplus, beginning of year	18,012,757	18,012,757	16,262,861
Accumulated surplus, end of year	\$ 18,260,288	\$ 20,103,956	\$ 18,012,757

Kapawe'no First Nation**Consolidated Statement of Change in Net Financial Assets**

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Excess of revenue over expenses	\$ 247,531	\$ 2,091,199	\$ 1,749,896
Acquisition of tangible capital assets	-	(2,498,221)	(768,475)
Amortization of tangible capital assets	700,890	700,889	696,630
<u>Disposal of assets</u>	-	21,975	-
	700,890	(1,775,356)	(71,845)
<u>Increase of prepaid asset</u>	(16)	(16)	(3,900)
Increase in net financial assets	700,874	315,827	1,674,151
Net financial assets, beginning of year	8,210,258	8,210,258	6,536,107
Net financial assets, end of year	\$ 8,911,132	\$ 8,526,085	\$ 8,210,258

Kapawe'no First Nation**Consolidated Statement of Cash Flow**

For the year ended March 31,	2020	2019
Cash flows from		
Operating activities		
Excess of revenue over expenses	\$ 2,091,199	\$ 1,749,896
Items not affecting cash		
Amortization	700,889	696,630
	2,792,088	2,446,526
Change in non-cash operating working capital		
Accounts receivable	(565,780)	(468,901)
Prepaid expenses	(16)	(3,900)
Accounts payable	438,572	95,325
Deferred revenue	48,720	363,020
Band member receivables	11,125	10,913
	2,724,709	2,442,983
Capital activities		
Purchase of capital assets	(2,498,221)	(768,475)
Proceeds on sale of capital asset	15,000	-
	(2,483,221)	(768,475)
Financing activities		
Long-term debt repayments	(4,556)	(386,794)
Advances on long-term debt	-	185,704
Repayment on operating loan	(10,000)	(10,000)
	(14,556)	(211,090)
Investing activities		
Trust contributions	(110,995)	(110,735)
Increase in investments	(209,751)	(6,386)
Proceeds on sale of investment	619,100	-
	298,354	(117,121)
Increase in cash and cash equivalents	525,286	1,346,297
Cash and cash equivalents, beginning of year	4,180,884	2,834,587
Cash and cash equivalents, end of year	\$ 4,706,170	\$ 4,180,884

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2020

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

(a) Reporting entity principles of financial reporting

The First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

The First Nation is a member of the Lesser Slave Lake Indian Regional Council ("LSLIRC") which negotiates funding agreements with the Government of Canada and allocates a proportion to the Nation.

The following entities are included in the consolidated financial statements:

1. 327938 Alberta Ltd.
2. Kapawe'no First Nation Narrows Cultural Resort Inc.
3. Kapawe'no First Nation Oil & Gas Company Limited
4. Breakaway Futures Ltd.
5. Kapawe'no First Nation Childcare Society

All inter-entity balances have been eliminated on consolidation.

(b) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

(c) Cash

Cash and cash equivalents include, cash held on deposit at financial institutions.

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2020

1. Basis of Presentation and Significant Accounting Policies (continued)

(d) Investments

Investments are carried at cost.

Impairment

Investments are written down where there has been a loss in value that is other than a temporary decline.

(e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Kapawe'no First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings	30 years Straight line
Vehicles	10 years Straight line
Computer equipment	5 years Straight line
Office equipment	5 years Straight line
Equipment	5-30 years Straight line
Heavy equipment	15 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Kapawe'no First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets, including recognized interest in reserve lands and natural resources, as well as assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(f) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2020

1. Basis of Presentation and Significant Accounting Policies (continued)

(g) Use of estimates and COVID-19 measurement uncertainty

In preparing these financial statements, management made estimates and judgments including consideration for the uncertainties and economic implications of the COVID-19 pandemic on the First Nation's operations, financial performance and financial position for the year ended March 31, 2020. The uncertainty surrounding the COVID-19 pandemic could generate, in future reporting periods, a significant risk of material adjustment to the carrying amounts in the financial statements. Estimates not associated with the COVID-19 pandemic are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

At the date of publication of these financial statements, it is not possible to reliably estimate the length and severity of the COVID-19 pandemic developments and its potential impact on the Nation's financial results, conditions and cash flows.

2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic the Nation has:

- Implemented remote work arrangements for those able to do so.
- Implemented stringent health and safety procedures.
- Management has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the entity.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Nation's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the possible impact on the financial results and condition on the Nation and its operations in future periods.

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2020

3. Cash

	2020	2019
Externally restricted		
Province of Alberta	\$ 153,538	\$ 128,613
Internally restricted		
Special projects	1,775,163	1,648,542
Unrestricted		
General accounts	2,777,469	2,398,229
	<hr/> \$ 4,706,170	<hr/> \$ 4,180,884

4. Accounts receivable

	2020	2019
Lesser Slave Lake Indian Regional Council	\$ 923,470	\$ 278,204
Indigenous Services Canada - Health	22,047	59,565
Province of Alberta	-	104,402
Government of Canada	255,715	356,150
CMHC	33,225	-
Other	198,900	69,256
	<hr/> \$ 1,433,357	<hr/> \$ 867,577

5. Band Member receivables

The amounts receivable from band members are non-interest bearing and unsecured.

6. Long-term investments

	2020	2019
Ridgewood retirement fund sold during the year.	\$ -	\$ 486
Ridgewood investment fund sold during the year.	-	401,886
	<hr/> \$ -	<hr/> \$ 402,372

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2020

7. Trust funds

	March 31, 2019	Income	Withdrawals	March 31, 2020
Ottawa funds held in trust - Capital	\$ 465,787	\$ -	\$ -	\$ 465,787
Ottawa funds held in trust - Revenue	467,187	18,312	-	485,499
Economic Development Trust	22,214	2,137	-	24,351
<u>Other funds held in trust</u>	<u>3,931,896</u>	<u>201,199</u>	<u>110,653</u>	<u>4,022,442</u>
	\$ 4,887,084	\$ 221,648	\$ 110,653	\$ 4,998,079

The trust fund accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

The market value of other funds held in trust at March 31, 2020 is: \$5,283,983 (2019: \$4,768,268).

8. Operating loan

The Nation has access to a revolving line of credit from its financial institution. The line of credit bears interest at the financial institution's prime rate plus 1.25%.

9. Deferred Revenue

	March 31, 2019	Funding Received	Revenue Recognized	March 31, 2020
LSLIRC	\$ 23,496	\$ 3,456,702	\$ 3,000,174	\$ 480,024
Province of Alberta	219,030	409,295	535,383	92,942
Indigenous Services Canada - Health	384,650	849,256	855,313	378,593
Department of Natural Resources	356,150	1,143,750	1,499,900	-
Other	-	94,320	13,832	80,487
	\$ 983,326	\$ 5,953,323	\$ 5,904,602	\$ 1,032,046

Kapawe'no First Nation**Notes to Consolidated Financial Statements**

March 31, 2020

10. Long-term debt

	2020	2019
Peace Hills Trust housing loan payable in monthly instalments of \$3,468, including interest at 4.50%, secured by a general security agreement and promissory note of \$800,000.	\$ 621,788	\$ 626,344
 Federal Government Loan Native claims loan, secured by a promissory note, payable on the earlier of next fiscal, or the date the claims settled. The note is interest free unless the Nation defaults on the note, or the note matures.	 290,823	290,823
 Federal Government Loan Government of Canada loan includes two promissory notes (\$18,223 and \$10,017) payable upon settlement of a specific land claim, default or maturity. The notes are interest free unless the Nation defaults on the notes or the notes come to maturity.	 28,240	28,240
	<hr/> \$ 940,851	<hr/> \$ 945,407

Kapawē'no First Nation

Notes to Consolidated Financial Statements

March 31, 2020

11. Tangible Capital Assets

						Cost	Accumulated amortization			
			Balance, be innin of year	Additions	Disposals	Balance, end of year	be innin of year	Amortization on disposals	Balance, end of year	2020 net book value
Buildings	\$ 17,926,226	\$ 1,115,433	\$ 19,041,659	\$ 9,163,423	\$ 535,586	\$ 9,699,009	\$ 9,342,650			
Vehicles	\$ 1,007,018	\$ 29,428	(48,836)	\$ 987,610	\$ 592,723	70,114	(26,860)	635,977	\$ 351,633	
Computer equipment	123,881	-	-	123,881	119,007	3,249	-	122,256	1,625	
Office equipment	265,987	-	-	265,987	250,266	13,110	-	263,376	2,611	
Equipment	343,376	\$ 14,778	-	358,154	305,764	19,300	-	325,064	\$ 33,090	
Heavy equipment	1,131,539	-	-	1,131,539	646,959	38,960	-	685,919	\$ 445,620	
Asset under construction	-	1,338,582	-	1,338,582	-	-	-	-	1,338,582	
Leased equipment	\$ 833,700	-	-	\$ 833,700	765,133	20,570	-	785,703	\$ 47,997	
	\$ 21,631,727	\$ 2,498,221	\$ (48,836)	\$ 24,081,112	\$ 1,843,275	\$ 700,889	\$ (26,860)	\$ 12,517,304	\$ 11,563,808	
						Cost	Accumulated amortization			
			Balance, be innin of year	Additions	Disposals	Balance, end of year	be innin of year	Amortization on disposals	Balance, end of year	2019 Net book value
Buildings	\$ 17,197,426	\$ 728,800	\$ -	\$ 17,926,226	\$ 8,653,556	\$ 509,867	\$ -	\$ 9,163,423	\$ 8,762,803	
Vehicles	\$ 967,343	\$ 39,675	\$ -	\$ 1,007,018	\$ 521,181	71,542	\$ -	592,723	414,295	
Computer equipment	123,881	-	-	123,881	115,757	3,250	-	119,007	4,874	
Office equipment	265,987	-	-	265,987	229,264	21,002	-	250,266	15,721	
Equipment	343,376	-	-	343,376	283,141	22,623	-	305,764	37,612	
Heavy equipment	1,131,539	-	-	1,131,539	607,998	38,961	-	646,959	484,580	
Leased equipment	\$ 833,700	-	-	\$ 833,700	735,748	29,385	-	765,133	68,567	
	\$ 20,863,252	\$ 768,475	\$ -	\$ 21,631,727	\$ 1,146,645	\$ 696,630	\$ -	\$ 11,843,275	\$ 9,788,452	

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2020

12. Accumulated Surplus

	2020	2019
Operating fund - unrestricted	\$ 2,707,759	\$ 1,912,651
Operating fund - internally restricted	1,775,163	1,648,542
Capital asset fund	10,622,955	9,162,108
Trust funds	4,998,079	4,887,084
Investment fund	-	402,372
	\$ 20,103,956	\$ 18,012,757

13. Contingent Liabilities

Government contributions related to programs of the Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records are subject to audit by the funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these ministerial audits will be recorded in the period in which they become known.

14. Budget Information

The unaudited budget data presented in these consolidated financial statements is based upon the 2020 operating budget approved by Council.

Amortization was not contemplated on development of the budget and has been recognized at the amount expensed for the current year.

15. Economic Dependence

Kapawe'no First Nation receives a significant portion of its revenue pursuant to funding agreements with Lesser Slave Lake Indian Regional Council and Indigenous Services Canada - Health

16. Financial Instruments

The Nation's financial instruments consist of cash, accounts receivable, Band member receivables, trust funds, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risk from its financial instruments. The Nation is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. The large amount of annual funding received from the Government of Canada minimizes credit risk.

COVID-19 (see note 2) has resulted in an increase in risk of these financial instruments. The First Nation cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic, could have a material effect in the First Nation's operations and financial condition.

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2020

17. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

18. Expenses

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Administration	\$ 191,795	\$ 238,378	\$ 227,548
Amortization	700,890	700,890	696,630
Bad debts (recovered)	-	45,432	-
Fixed expenses	12,402	20,628	43,552
Insurance	28,741	87,038	78,866
Interest and bank charges	7,599	37,248	30,415
Interest on long-term debt	-	-	10,263
Materials and supplies	224,856	178,255	108,370
Meeting and travel	47,879	59,327	59,415
Office	301,374	86,450	103,118
Operations and maintenance	674,635	585,523	407,284
Professional fees	53,058	114,360	47,681
Program costs	2,734,360	1,687,684	1,085,864
Special events	13,168	584	8,675
Subcontractors	-	37,382	101,918
Telephone	32,894	36,793	36,215
Trainin	32,038	29,803	34,386
Utilities	81,546	291,223	272,682
Vehicles and equipment	102,993	90,815	120,869
Wages and benefits	1,133,740	1,799,579	1,008,331
	\$ 6,373,968	\$ 6,127,392	\$ 4,482,082

Kapawēno First Nation

Notes to Consolidated Financial Statements

March 31, 2020

19. Selected information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The statement revenues and expenses represent both amounts that are directly attributable to the statement and amounts that are allocated on a reasonable basis. The presentation by statement is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 1. The statement results for the period are as follows:

	Education 2020 Budget	2020 Actual	2019 Actual	2020 Budget	2019 Actual	Health 2020 Budget	2020 Actual	Economic Development 2020 Actual	2019 Actual
Revenues									
LSIRC	371,700	357,601	363,679	1,020,740	879,756	125,000	801,088	139,429	127,004
Indigenous Services Canada - Health	-	-	-	-	-	-	-	-	163,468
Province of Alberta	50,000	100,000	(104,288)	(117,122)	(111,736)	(19,226)	(96,317)	-	-
Transfers	(96,499)	(27,593)	(12,091)	(12,958)	(22,047)	(17,997)	2,774	(33,876)	(58,078)
Other revenue	77,605							26,362	293,990
Total revenue	352,806	392,099	372,349	925,665	912,246	722,768	722,768	142,203	119,490
Expenses									
Waives and benefits	100,030	116,558	141,739	442,279	353,152	218,081	10,000	8,351	33,185
Insurance	4,288	6,310	5,871	-	17,885	15,722	-	6,006	5,691
Operations and maintenance	-	-	-	185,991	92,375	83,105	-	-	-
Program costs	120,925	121,918	113,233	51,354	222,293	48,339	16,511	13,801	21,976
Other expenses	171,175	147,313	111,506	246,041	315,913	261,866	92,405	88,177	131,206
Total expenses	396,418	392,099	372,349	925,665	1,001,618	627,113	118,916	116,605	192,058
Annual surplus (deficit)		(43,612)	-	-	(89,372)	95,655	23,287	2,886	207,322

Kapawēno First Nation

Notes to Consolidated Financial Statements

March 31, 2020

19. Selected information, continued

	2020 Budget	Housin 2020 Actual	2019 Actual	2020 Budget	Social Services 2020 Actual	2019 Actual	2020 Budget	Band Government 2020 Actual	2019 Actual
Revenues									
LSLIRC	-	129,342	120,990	267,987	449,468 (24,443)	351,472 (27,582)	314,575	314,575	307,900
Indigenous Services Canada - Health Transfers	-	-	256,953	109,333	16,923	79,466	-	-	-
Other revenue	197,228	122,779	83,082	367,127	193,502	203,414	129,826	(352,174) 468,268	(154,254) 320,654
Total revenue	197,228	450,589	461,025	744,447	635,450	606,770	444,401	430,669	474,300
Expenses									
Waives and benefits	-	1,589	1,480	232,477	229,887	231,547	333,376	323,214	352,018
Insurance	14,880	41,654	39,058	1,759	2,547	1,028	-	-	850
Operations and maintenance	180,040	349,462	196,018	35,179	35,725	35,299	7,200	6,497	6,745
Program costs	-	-	-	255,870	255,611	259,281	-	-	-
Other expenses	5,308	55,344	40,142	95,054	85,994	79,615	127,097	107,231	86,141
Total expenses	200,228	448,049	276,698	620,339	609,764	606,770	467,673	436,942	445,754
Annual surplus (deficit)	(3,000)	2,540	184,327	124,108	25,686	-	(23,272)	(6,273)	28,546

Kapawēno First Nation

Notes to Consolidated Financial Statements

March 31, 2020

19. Selected information, continued

	2020 Bud et	Community Services 2020 Actual	2019 Actual	2020 Bud et	Amortization 2020 Actual	2019 Actual	2020 Bud et	Other 2020 Actual	2019 Actual
Revenues									
LSIRC	419,469	1,497,184	275,981	-	-	-	-	387,792	682,990
Province of Alberta	-	-	-	-	-	-	-	-	(153,430)
Transfers	104,288	309,988	229,948	-	-	-	-	272,253	227,812
Other revenue	3,290,992	2,810,831	1,932,085	-	-	-	-	-	-
Total revenue	3,814,749	4,618,003	2,438,014	-	-	-	-	660,045	757,372
Expenses									
Waives and benefits	15,578	766,691	7,936	-	-	-	-	139	22,345
Amortization	-	-	700,890	700,890	696,630	-	-	-	-
Insurance	7,814	12,636	10,261	-	-	-	-	-	385
Operations and maintenance	266,225	101,194	86,116	-	-	-	-	-	-
Program costs	2,289,700	774,533	636,691	-	-	-	-	299,527	6,343
Other expenses	364,522	443,403	463,824	-	-	-	-	23,302	30,809
Total expenses	2,943,839	2,098,457	1,204,828	700,890	700,890	696,630	-	322,968	59,882
Annual surplus (deficit)	870,910	2,519,546	1,233,186	(700,890)	(700,890)	(696,630)	-	337,077	697,490

Kapawēno First Nation

Notes to Consolidated Financial Statements

March 31, 2020

19. Se mented information, continued

		2020 Bud et	2020 Actual	Consolidated totals	2019 Actual
Revenues					
LSIIRC		1,513,160	3,000,174	1,583,490	
Indigenous Services Canada - Health		1,020,740	855,313	773,506	
Province of Alberta		-	437,792	782,990	
Other revenue		4,087,599	3,925,312	3,091,992	
Total revenue		6,621,499	8,218,591	6,231,978	
Expenses					
Wa es and benefits		1,133,740	1,799,581	1,008,331	
Amortization		700,890	700,890	696,630	
Insurance		28,741	87,038	78,866	
Operations and maintenance		674,635	585,523	407,283	
Pro ram costs		2,734,360	1,687,683	1,085,863	
Other expenses		1,101,602	1,266,677	1,205,109	
Total expenses		6,373,968	6,127,392	4,482,082	
Annual surplus (deficit)		247,531	2,091,199	1,749,896	