

Kapawe'no First Nation

Consolidated Financial Statements

March 31, 2022

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

March 31, 2022

Page**Management's Responsibility for Financial Reporting** 3**Independent Auditors' Report** 4 - 5**Financial Statements**

Consolidated Statement of Financial Position	6
Consolidated Statement of Operations and Accumulated Surplus	7
Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Cash Flow	9
Notes to Consolidated Financial Statements	10

Kapawe'no First Nation

Management's Responsibility for Financial Reporting

March 31, 2022

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 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:

Original signed by _____ July 22, 2022 _____
Chief Date

Original signed by _____ July 22, 2022 _____
Finance Director 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 (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, 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, 2022, and the results of its consolidated operations, its changes in its consolidated net financial assets, 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 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 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 Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 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 Group 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 22, 2022

Grove Mackay CPA
Chartered Professional Accountants

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

<u>March 31</u>	<u>2022</u>	<u>2021</u>
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Financial Assets

Cash (Note 3)	\$ 9,119,100	\$ 8,780,406
Accounts receivable (Note 4)	1,434,107	504,780
Band member receivables (Note 5)	26,432	28,705
Trust funds (Note 6)	5,273,380	5,102,243
	15,853,019	14,416,134

Liabilities

Operating loan (Note 7)	20,000	-
Accounts payable	208,882	298,937
Deferred revenue (Note 8)	6,027,624	4,532,097
Long-term debt (Note 9)	912,034	926,766
	7,168,540	5,757,800

Non-financial Assets

Capital assets (Note 10)	11,829,506	11,594,984
Prepaid expenses	12,803	4,800
	11,842,309	11,599,784

Accumulated Surplus (Note 11)

Approved on behalf of the Chief and Council

Original signed by _____, Chief

Original signed by _____, Councilor

Kapawe'no First Nation**Consolidated Statement of Operations and Accumulated Surplus**

For the year ended March 31,	2022 Budget	2022 Actual	2021 Actual
Revenue			
Lesser Slave Lake Indian Regional Council (LSLIRC)	\$ 2,922,487	\$ 3,649,816	\$ 2,652,147
Indigenous Services Canada - Health	2,962,162	2,762,372	1,949,175
Province of Alberta	-	114,586	245,682
Interest and investment income	-	286,594	217,345
Other revenue	3,310,191	2,344,866	1,542,770
	9,194,840	9,158,234	6,607,119
Expenses (Note 17)			
Education	1,226,459	1,257,897	519,802
Health	2,699,461	2,072,265	1,411,530
Economic Development	198,488	551,202	501,426
Housing	192,331	435,106	373,847
Social Services	646,771	463,012	422,056
Band Government	622,401	687,544	560,120
Community Services	2,770,415	2,484,908	1,690,248
Other	-	142,763	257,917
Amortization	794,867	794,867	716,006
	9,151,193	8,889,564	6,452,952
Excess of revenue over expenses	43,647	268,669	154,162
Accumulated surplus, beginning of year	20,258,118	20,258,118	20,103,956
Accumulated surplus, end of year	\$ 20,301,765	\$ 20,526,787	\$ 20,258,118

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

For the year ended March 31,	2022 Budget	2022 Actual	2021 Actual
Excess of revenue over expenses	\$ 43,647	\$ 268,669	\$ 154,162
Acquisition of tangible capital assets	-	(1,039,731)	(822,491)
Amortization of tangible capital assets	794,867	794,867	716,006
Disposal of assets	-	10,342	75,307
	794,867	(234,522)	(31,178)
(Acquisition) use of prepaid asset	(8,002)	(8,002)	9,265
Increase (decrease) in net financial assets	830,512	26,145	132,249
Net financial assets, beginning of year	8,658,334	8,658,334	8,526,085
Net financial assets, end of year	\$ 9,488,846	\$ 8,684,479	\$ 8,658,334

Kapawe'no First Nation

Consolidated Statement of Cash Flow

For the year ended March 31,	2022	2021
Cash flows from Operating activities		
Excess of revenue over expenses	\$ 268,669	\$ 154,162
Items not affecting cash		
Amortization	794,867	716,006
Loss (gain) on sale of capital assets	(23,658)	51,807
	1,039,878	921,975
Change in non-cash operating working capital		
Accounts receivable	(929,327)	928,577
Prepaid expenses	(8,002)	9,265
Accounts payable	(90,055)	(346,601)
Deferred revenue	1,495,527	3,500,051
Band member receivables	2,273	(21,791)
	1,510,294	4,991,476
Capital activities		
Purchase of capital assets	(1,039,731)	(822,491)
Proceeds on sale of capital asset	34,000	23,500
	(1,005,731)	(798,991)
Financing activities		
Long-term debt	(14,732)	(14,085)
Operating loan	20,000	-
	5,268	(14,085)
Investing activities		
Trust contributions	(171,137)	(104,164)
Increase in cash and cash equivalents	338,694	4,074,236
Cash and cash equivalents, beginning of year	8,780,406	4,706,170
Cash and cash equivalents, end of year	\$ 9,119,100	\$ 8,780,406

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

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 the 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. Kapawe'no First Nation Childcare Society
5. Kapawe'no First Nation Wellness Services 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.

Other income 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, 2022

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

(d) 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 and declining balance basis over their estimated useful lives as follows:

Buildings	30-40 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, 30% DB

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.

(e) 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, 2022

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

(f) 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 Nation's operations, financial performance and financial position for the year ended March 31, 2022. 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.

2. Impact of COVID-19 Pandemic

The COVID-19 pandemic has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, social distancing, restrictions on business operations and isolation/quarantine periods have caused material disruptions to communities and businesses, resulting in an economic slowdown.

In response, the Nation received from Indigenous Services Canada and other sources, \$1,201,598 (2021 - \$2,280,900) in additional funding to assist with implementation of public health measures, income assistance initiatives, and costs related to reopening.

The Nation implemented remote work arrangements for those able to do so, and implemented stringent health and safety procedures and other precautionary measures, guided by public health authorities, to mitigate the spread of COVID-19 and the impact of the pandemic on the Nation's operations and programs.

The effects of the COVID-19 pandemic remains uncertain and as such it is not possible to estimate the length and severity of the pandemic and the impact on the financial results and condition on the Nation and its operation in future periods.

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

3. Cash

	2022	2021
Externally restricted		
Province of Alberta	\$ 153,441	\$ 132,432
Internally restricted		
Special projects	<u>2,160,761</u>	2,235,205
Unrestricted		
General accounts	<u>6,804,898</u>	6,412,769
	<hr/> <u>\$ 9,119,100</u>	<hr/> <u>\$ 8,780,406</u>

4. Accounts receivable

	2022	2021
Lesser Slave Lake Indian Regional Council	\$ 933,216	\$ 139,754
First Nation Development Funds	<u>212,720</u>	-
Government of Canada	-	149,990
Kapown Rehabilitation Centre	<u>79,355</u>	4,978
GST	<u>18,495</u>	42,990
Other	<u>190,321</u>	167,068
	<hr/> <u>\$ 1,434,107</u>	<hr/> <u>\$ 504,780</u>

5. Band Member receivables

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

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Trust funds

	March 31, 2021	Income	Withdrawals	March 31, 2022
Ottawa funds held in trust - Capital	\$ 465,788	\$ -	\$ -	\$ 465,788
Ottawa funds held in trust - Revenue	497,457	15,220	-	512,677
Economic Development Trust	24,778	185	-	24,963
Other funds held in trust	4,114,221	248,496	92,765	4,269,952
	<hr/>	\$ 5,102,243	\$ 263,901	\$ 92,765
				<hr/>
				\$ 5,273,380

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, 2022 is: \$5,626,945 (2021: \$5,536,352).

7. 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%. At the year end date, the balance was \$20,000 (2021: nil).

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

8. Deferred Revenue

	March 31, 2021	Funding Received	Revenue Recognized	March 31, 2022
LSLIRC	\$ 1,965,940	\$ 4,811,979	\$ 3,649,815	\$ 3,128,104
Province of Alberta	65,151	362,041	114,586	312,606
ISC - Health Services - Operations and Management	275,845	136,033	411,878	-
ISC - Health Services - CHR	44,959	39,482	14,212	70,229
ISC - Health Services - Nursing	-	118,320	118,320	-
ISC - Health Services - Mental Health	179,754	507,796	354,053	329,886
ISC - Health Services - Traditional Healer	-	4,213	4,916	2,908
ISC - Health Services - Solvent Abuse	8,899	-	-	8,899
ISC - Health Services - Medical Transportation	86,272	291,088	329,096	48,264
ISC - Health Services - Diabetes	17,205	22,785	22,760	17,230
ISC - Health Services - Prenatal Care	4,259	5,125	2,614	6,770
ISC - Health Services - COHI	-	35,000	-	35,000
ISC - Health Services - Home Care	147,858	189,821	154,069	183,610
ISC - Health Services - HIV	24,004	15,204	-	39,208
ISC - Health Services - Water Safety	3,600	14,000	17,600	-
ISC - Health Services - Health Planning and Management	10,847	98,218	109,065	-
ISC - Health Services - Maternal Child Health	62,982	100,000	35,393	127,589
ISC - Health Services - TB Prevention	4,372	5,860	-	10,232
ISC - Health Services - COVID - Operational	302,968	602,443	631,923	273,488
ISC - Health Services - COVID - Capital	401,615	270,811	183,377	489,049
ISC - Health Services - COVID - Mental Wellness	504,547	243,731	414,763	333,515
ISC - Health Services - COVID - AHSOR	53,566	-	-	53,566
ISC - Health Services - COVID - Home Care	-	81,609	-	81,609
ISC - Health Services - Pandemic/Disaster Planning	-	23,782	23,782	-
ISC - Nursery School	147,712	262,701	162,953	247,460
ISC - Atoskiyew	-	390,390	161,988	228,402
Other	219,742	1,000	220,742	-
	\$ 4,532,097	\$ 8,633,432	\$ 7,137,905	\$ 6,027,624

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

March 31, 2022

9. Long-term debt

	2022	2021
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. Maturing November 2024.	\$ 592,971	\$ 607,703
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/> \$ 912,034	<hr/> \$ 926,766

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

10. Tangible Capital Assets

	Cost				Accumulated amortization				2022 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Buildings	\$ 19,146,578	\$ 2,208,975	\$ -	\$ 21,355,553	\$ 10,222,246	\$ 604,947	\$ -	\$ 10,827,193	\$ 10,528,360
Vehicles	1,251,512	253,166	(41,368)	1,463,310	720,757	99,800	(31,026)	789,531	673,779
Computer equipment	123,881	-	-	123,881	123,881	-	-	123,881	-
Office equipment	265,987	58,120	-	324,107	265,987	5,812	-	271,799	52,308
Equipment	416,468	142,620	-	559,088	345,777	34,866	-	380,643	178,445
Heavy equipment	1,871,239	-	-	1,871,239	1,425,183	49,442	-	1,474,625	396,614
Asset under construction	1,623,150	(1,623,150)	-	-	-	-	-	-	-
	\$ 24,698,815	\$ 1,039,731	\$ (41,368)	\$ 25,697,178	\$ 13,103,831	\$ 794,867	\$ (31,026)	\$ 13,867,672	\$ 11,829,506
Cost									
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	2021 Net book value
	\$ 19,041,659	\$ 209,706	\$ (104,787)	\$ 19,146,578	\$ 9,699,009	\$ 552,717	\$ (29,480)	\$ 10,222,246	\$ 8,924,332
Buildings	987,610	263,902	-	1,251,512	635,977	84,780	-	720,757	530,755
Vehicles	123,881	-	-	123,881	122,256	1,625	-	123,881	-
Computer equipment	265,987	-	-	265,987	263,376	2,611	-	265,987	-
Office equipment	358,154	58,314	-	416,468	325,064	20,713	-	345,777	70,691
Equipment	1,965,239	6,000	(100,000)	1,871,239	1,471,622	53,561	(100,000)	1,425,183	446,056
Heavy equipment	1,338,582	284,568	-	1,623,150	-	-	-	-	1,623,150
	\$ 24,081,112	\$ 822,490	\$ (204,787)	\$ 24,698,815	\$ 12,517,304	\$ 716,007	\$ (129,480)	\$ 13,103,831	\$ 11,594,984

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

11. Accumulated Surplus

	2022	2021
Operating fund - unrestricted	\$ 1,856,111	\$ 1,933,389
Operating fund - internally restricted	2,160,761	2,235,205
Capital asset fund	11,236,535	10,987,281
Trust funds	5,273,380	5,102,243
	\$ 20,526,787	\$ 20,258,118

12. 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.

13. Budget Information

The unaudited budget data presented in these consolidated financial statements is based upon the 2022 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.

14. 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.

15. Financial Instruments

The Nation's financial instruments consist of cash, accounts receivable, band member receivables, trust funds, accounts payable and accrued liabilities, operating loan 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 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 Nation's operations and financial condition.

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

16. Comparative Figures

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

17. Expenses

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Administration	\$ 172,832	\$ 419,227	\$ 227,076
Amortization	794,867	794,867	716,006
Fixed expenses	89,612	186,009	168,504
Insurance	70,809	146,566	121,401
Interest and bank charges	9,219	36,322	34,931
Materials and supplies	733,976	405,048	289,366
Meeting and travel	155,717	150,883	136,932
Office	55,059	97,276	63,351
Operations and maintenance	599,493	546,733	475,879
Professional fees	72,345	133,424	110,876
Program costs	4,071,811	3,186,663	2,452,829
Special events	52,687	19,058	153
Subcontractors	1,697	133,771	7,850
Telephone	59,171	66,876	42,427
Training	102,287	90,541	73,626
Utilities	97,058	345,433	268,618
Vehicles and equipment	27,907	268,523	125,304
Wages and benefits	1,984,646	1,862,344	1,137,823
	\$ 9,151,193	\$ 8,889,564	\$ 6,452,952

Kapawé'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

18. Segmented 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 segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 1. The segment results for the period are as follows:

	2022 Budget	Education 2022 Actual	2021 Actual	2022 Budget	Health 2022 Actual	2021 Actual	2022 Budget	Economic Development 2022 Actual	2021 Actual
Revenues									
LSLIRC	\$ 999,591	\$ 1,085,320	\$ 567,323	-	\$ 3,090,522	\$ 1,994,080	\$ 272,348	\$ 248,182	\$ 125,127
Indigenous Services Canada - Health	-	-	-	2,962,162	(653,091)	(123,607)	-	-	-
Transfers	-	-	-	(262,701)	-	-	-	(70,654)	(67,214)
Other revenue	299,354	172,577	7,123	-	75,059	6,940	-	338,971	483,161
Total revenue	1,298,945	1,257,897	574,446	2,699,461	2,512,490	1,877,413	272,348	516,499	541,074
Expenses									
Wages and benefits	515,314	599,200	92,600	547,108	438,837	431,544	27,225	87,596	69,230
Insurance	7,434	7,434	5,781	-	33,976	15,638	-	10,982	10,640
Operations and maintenance	-	-	-	187,377	55,437	67,816	-	61,252	124,412
Program costs	451,021	448,306	311,044	1,425,057	759,776	629,887	53,676	46,949	15,354
Other expenses	252,690	202,957	110,377	539,919	784,239	266,645	117,587	344,423	281,790
Total expenses	1,226,459	1,257,897	519,802	2,699,461	2,072,265	1,411,530	198,488	551,202	501,426
Annual surplus (deficit)	\$ 72,486	-	\$ 54,644	-	\$ 440,225	\$ 465,883	\$ 73,860	(\$ 34,703)	\$ 39,648

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

18. Segmented information (continued)

	2022 Budget	Housing 2022 Actual	2021 Actual	2022 Budget	Social Services 2022 Actual	2021 Actual	2022 Budget	Band Government 2022 Actual	2021 Actual
Revenues									
LSLIRC	\$ 95,862	\$ 158,786	\$ 227,972	\$ 364,160	\$ 484,419	\$ 521,304	\$ 325,954	\$ 325,954	\$ 320,178
Indigenous Services Canada - Health	-	-	-	-	(99,748)	(59,905)	-	-	-
Transfers	-	117,363	53,288	262,701	145,338	(32,072)	-	(158,814)	(185,493)
Other revenue	102,267	152,127	41,657	250,727	41,803	57,490	221,820	520,404	431,767
Total revenue	198,129	428,276	322,917	877,588	571,812	486,817	547,774	687,544	566,452
Expenses									
Wages and benefits	-	-	-	378,538	128,081	150,966	370,884	446,915	283,248
Insurance	49,533	74,670	74,203	1,782	3,922	2,439	-	-	-
Operations and maintenance	135,418	298,311	170,741	9,882	26,507	41,746	7,200	8,236	5,498
Program costs	-	-	-	161,605	161,984	101,583	-	-	-
Other expenses	7,380	62,125	128,903	94,964	142,518	125,322	244,317	232,393	271,374
Total expenses	192,331	435,106	373,847	646,771	463,012	422,056	622,401	687,544	560,120
Annual surplus (deficit)	\$ 5,798	\$ (6,830)	\$ (50,930)	\$ 230,817	\$ 108,800	\$ 64,761	\$ (74,627)	\$ -	\$ 6,332

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

18. Segmented information (continued)

	Community Services		2021 Actual	2022 Budget	Amortization		2021 Actual	2022 Budget	Other		2021 Actual
	2022 Budget	2022 Actual			2022 Budget	2022 Actual			2022 Budget	2021 Actual	
Revenues											
LSLIRC	\$ 864,572	\$ 1,347,154	\$ 888,689	-	\$	-	\$	-	\$	-	\$ 1,553
Indigenous Services Canada - Health	-	(228,402)	15,000	-	-	-	-	-	-	-	-
Province of Alberta	-	-	-	-	-	-	-	-	-	114,586	245,682
Transfers	-	619,858	355,098	-	-	-	-	-	-	-	-
Other revenue	2,436,023	1,043,925	514,634	-	-	-	-	-	-	286,595	217,344
Total revenue	3,300,595	2,782,535	1,773,421	-	-	-	-	-	-	401,181	464,579
Expenses											
Wages and benefits	145,577	160,115	110,235	-	-	-	-	-	-	1,597	-
Amortization	-	-	-	794,867	794,867	794,867	716,006	-	-	-	-
Insurance	12,060	15,582	12,700	-	-	-	-	-	-	-	-
Operations and maintenance	259,616	96,990	65,667	-	-	-	-	-	-	-	-
Program costs	1,980,452	1,655,952	1,182,328	-	-	-	-	-	-	113,695	212,634
Other expenses	372,710	556,269	319,318	-	-	-	-	-	-	27,471	45,283
Total expenses	2,770,415	2,484,908	1,690,248	794,867	794,867	794,867	716,006	-	142,763	257,917	
Annual surplus (deficit)	\$ 530,180	\$ 297,627	\$ 83,173	(\$ 794,867)	(\$ 794,867)	(\$ 794,867)	(\$ 716,006)	-	\$ 258,418	\$ 206,662	

Kapawe'no First Nation

Notes to Consolidated Financial Statements

March 31, 2022

18. Segmented information (continued)

		Consolidated totals		
	2022 Budget	2022 Actual	2021 Actual	
Revenues				
LSLIRC	\$ 2,922,487	\$ 3,649,815	\$ 2,652,146	
Indigenous Services Canada - Health	2,962,162	2,762,372	1,949,175	
Province of Alberta	-	114,586	245,682	
Other revenue	3,310,191	2,631,461	1,760,116	
Total revenue	9,194,840	9,158,234	6,607,119	
Expenses				
Wages and benefits	1,984,646	1,862,341	1,137,823	
Amortization	794,867	794,867	716,006	
Insurance	70,809	146,566	121,401	
Operations and maintenance	599,493	546,733	475,880	
Program costs	4,071,811	3,186,662	2,452,830	
Other expenses	1,629,567	2,352,395	1,549,012	
Total expenses	9,151,193	8,889,564	6,452,952	
Annual surplus (deficit)	\$ 43,647	\$ 268,670	\$ 154,167	