

**Kehewin Cree Nation**  
**Consolidated Financial Statements**  
**March 31, 2022**

# **Kehewin Cree Nation**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **To the Members of Kehewin Cree Nation:**

The accompanying consolidated financial statements of Kehewin Cree Nation are the responsibility of management and have been approved by the Chief and Council (the "Council").

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgment. When alternative accounting methods exist, management has chosen those it deems most appropriate under the circumstances to ensure that the consolidated financial statements are presented fairly in all material respects.

Kehewin Cree Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that Kehewin Cree Nation's assets are appropriately accounted for and adequately safeguarded.

The Kehewin Cree Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for the financial statements. The Kehewin Cree Nation Council carries out this responsibility principally through meetings with management and the external auditors. They have discussion on the internal controls over the financial reporting process, auditing matters, and financial reporting issues to satisfy that each party is discharging its responsibilities properly, and to review the financial statements, and the external auditor's report.

The consolidated financial statements have been audited by Doyle & Company Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards, on behalf of the members. Doyle & Company Chartered Professional Accountants has full and free access to Kehewin Cree Nation Council.

*Original Signed by:*

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Chief

*Original Signed by:*

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Director of Operations

**DOYLE & COMPANY**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

Edward Cheung, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
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## INDEPENDENT AUDITORS' REPORT

**To the Members of Kehewin Cree Nation:**

### Opinion

We have audited the consolidated financial statements of Kehewin Cree Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, 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 the Kehewin Cree Nation as at March 31, 2022, and the results of its consolidated operations 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 Nation in accordance with the ethical requirements that are relevant to our audit of the 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 Matters

The consolidated financial statements of Kehewin Cree Nation for the period ending March 31, 2021 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements November 2, 2021, see note 16.

### Other Information

Management is responsible for the other information. The other information comprises the Annual Report. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## INDEPENDENT AUDITORS' REPORT - continued

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements - continued

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 relating to going concern and using the going concern basis of accounting unless management either intends 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.

### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

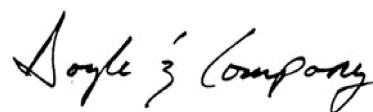
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 from 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 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 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Chartered Professional Accountants

June 8, 2023  
11210 - 107 Avenue NW  
Edmonton, Alberta T5H 0Y1

**Kehewin Cree Nation**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2022**

	2022	2021 (Restated) Note 17
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	13,155,767	7,372,601
Accounts receivable (Note 3)	3,485,120	1,802,009
Investments in partnerships and business entities (Note 4)	4,390,608	4,719,714
Funds held in trust and restricted investments (Note 5)	4,232,259	4,093,624
	<b>25,263,754</b>	<b>17,987,948</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	3,537,316	3,475,031
Deferred contribution (Note 8)	12,902,310	7,151,773
Term loans due on demand (Note 9)	6,018,115	5,720,510
Long-term debt (Note 10)	5,063,562	4,402,414
	<b>27,521,303</b>	<b>20,749,728</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(2,257,549)</b>	<b>(2,761,780)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - Schedule 2	72,412,090	69,543,858
Prepaid expenses	8,340	14,000
	<b>72,420,430</b>	<b>69,557,858</b>
<b>ACCUMULATED SURPLUS - SCHEDULE 1</b>	<b>70,162,881</b>	<b>66,796,078</b>

**Contingencies (Note 12)**

**Approved by the Nation:**

*Original Signed by:* \_\_\_\_\_ Chief

*Original Signed by:* \_\_\_\_\_ Councilor

**Kehewin Cree Nation**  
**Consolidated Statement of Financial Activities**  
**For the year ended March 31, 2022**

	2022 Budget	2022 Actual	2021 Actual (Restated) Note 17
	\$	\$	\$
<b>REVENUE</b>			
Indigenous Services Canada	13,186,730	24,582,145	24,979,987
Tribal Chiefs	988,865	1,388,194	1,183,684
First Nation and Inuit Health Benefits	-	5,311,084	6,449,301
First Nations Development Fund	-	557,292	316,812
Canada Mortgage and Housing Corporation	-	442,680	280,171
Income from funds held in trust	-	545,584	253,752
Other revenue	1,927,619	2,470,717	3,400,602
Rental income	-	431,623	1,075,845
Government of Alberta	209,800	508,804	145,000
Recovery (repayment) of funding	-	-	(240,330)
Revenue deferred from previous period	-	7,151,773	8,134,924
Revenue deferred to subsequent period	-	(12,902,310)	(7,151,773)
	<b>16,313,014</b>	<b>30,487,586</b>	<b>38,827,975</b>
<b>EXPENDITURES</b>			
Administration	1,547,873	3,693,044	3,692,296
Indigenous Skills and Employment Training (ISET)	333,783	439,000	258,540
Chief and Council	869,404	1,184,264	679,798
Daycare	543,766	426,423	411,450
Economic Development	344,500	365,008	934,373
Education	6,623,483	5,461,702	5,051,215
First Nation Development Fund	-	469,138	316,812
Health	5,401,084	4,534,839	3,291,541
Housing	952,123	1,297,605	1,678,689
Public Works	1,582,856	2,247,480	1,890,722
Social Development	1,259,138	3,121,382	2,882,751
Kehewin Treaty Land Entitlement Trust	-	240,341	432,297
Kehewin Specific Claims Settlement Trust	-	85,085	744,673
Kehewin Legacy Trust	-	75,643	38,598
	<b>19,458,010</b>	<b>23,640,954</b>	<b>22,303,755</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER REVENUE AND EXPENDITURES</b>			
	<b>(3,144,996)</b>	<b>6,846,632</b>	<b>16,524,220</b>
<b>OTHER REVENUE AND EXPENDITURES</b>			
Income (loss) from investments in partnerships and business entities	-	(197,323)	417,557
Impairment of tangible capital assets	-	-	(860,000)
Amortization	-	(3,282,506)	(2,879,423)
	<b>-</b>	<b>(3,479,829)</b>	<b>(3,321,866)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>			
	<b>(3,144,996)</b>	<b>3,366,803</b>	<b>13,202,354</b>

The accompanying notes form part of these financial statements.

**Kehewin Cree Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the year ended March 31, 2022**

	2022 Budget	2022 Actual	2021 Actual (Restated) Note 17
	\$	\$	\$
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(3,144,996)</b>	<b>3,366,803</b>	<b>13,202,354</b>
Acquisition of tangible capital assets	-	(6,150,738)	(17,696,565)
Amortization of tangible capital assets	-	3,282,506	2,879,423
Impairment of tangible capital assets	-	-	860,000
Acquisition of prepaid expenses	-	5,660	(12,500)
Change in remeasurement gains for the year	-	-	152,718
	<b>(3,144,996)</b>	<b>(2,862,572)</b>	<b>(13,816,924)</b>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)</b>	<b>(3,144,996)</b>	<b>504,231</b>	<b>(614,570)</b>
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b>-</b>	<b>(2,761,780)</b>	<b>(2,147,210)</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>-</b>	<b>(2,257,549)</b>	<b>(2,761,780)</b>

**Kehewin Cree Nation**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2022**

	2022	2021 (Restated) Note 17
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from contributors and other sources	34,555,012	38,685,525
Cash paid to suppliers	(23,303,567)	(26,383,749)
Interest paid	(246,546)	(241,951)
	<b>11,004,899</b>	12,059,825
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in term loans due on demand (Note 9)	297,605	754,864
Increase in long-term debt (Note 10)	661,148	5,720,510
Decrease in demand loans	-	(2,327,872)
	<b>958,753</b>	4,147,502
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets (Schedule 1)	(6,150,738)	(17,696,565)
Advances to partnership and business enterprises (Note 4)	(29,748)	15,054
Advances from funds held in trust (Note 5)	-	392,000
Purchase of funds held in trust and restricted investments (Note 5)	-	(3,163,500)
	<b>(6,180,486)</b>	(20,453,011)
<b>INCREASE (DECREASE) IN CASH</b>	<b>5,783,166</b>	(4,245,684)
<b>CASH, BEGINNING OF YEAR (Note 2)</b>	<b>7,372,601</b>	11,618,285
<b>CASH, END OF YEAR (Note 2)</b>	<b>13,155,767</b>	7,372,601

The accompanying notes form part of these financial statements.

**Kehewin Cree Nation**  
**Schedule of Changes in Accumulated Surplus - Schedule 1**  
**For the year ended March 31, 2022**

	Unrestricted Surplus	Equity in Enterprise	Equity in Tangible Capital Assets	Equity in Trust Funds	Equity in Settlement Trust Funds	2022	2021 (Restated) Note 17
	\$	\$	\$	\$	\$	\$	\$
<b>Balance, Beginning of Year, as originally stated</b>	(4,875,391)	4,719,714	65,141,444	777,305	1,676,255	67,439,327	53,441,006
<b>Prior period adjustment (Note 17)</b>	(643,249)	-	-	-	-	(643,249)	-
<b>Balance, Beginning of Year, as restated</b>	<b>(5,518,640)</b>	<b>4,719,714</b>	<b>65,141,444</b>	<b>777,305</b>	<b>1,676,255</b>	<b>66,796,078</b>	<b>53,441,006</b>
Excess of revenue over expenditures	3,366,803	-	-	-	-	3,366,803	13,355,072
Transfer of trust revenue over expenditures	(205,351)	-	-	545,583	(340,232)	-	-
Current years funds used for equity in enterprise	329,106	(329,106)	-	-	-	-	-
Current years funds used for tangible capital assets	(6,150,738)	-	6,150,738	-	-	-	-
Annual amortization expense	3,282,506	-	(3,282,506)	-	-	-	-
Long-term liabilities obtained	915,887	-	(915,887)	-	-	-	-
Long-term liabilities repaid	(254,739)	-	254,739	-	-	-	-
Change in accumulated surplus	1,283,474	(329,106)	2,207,084	545,583	(340,232)	3,366,803	13,355,072
<b>Balance, End of Year</b>	<b>(4,235,166)</b>	<b>4,390,608</b>	<b>67,348,528</b>	<b>1,322,888</b>	<b>1,336,023</b>	<b>70,162,881</b>	<b>66,796,078</b>

The accompanying notes form part of these financial statements.

**Kehewin Cree Nation**  
**Consolidated Statement of Tangible Capital Assets - Schedule 2**  
**For the year ended March 31, 2022**

	Land	Building and Housing	Automotive	Computer Equipment	Furniture and Equipment	Infrastructure	Subtotal
	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>							
<b>Balance, Beginning of Year</b>	<b>1,500</b>	<b>51,446,193</b>	<b>4,195,678</b>	<b>280,402</b>	<b>2,158,176</b>	<b>30,074,044</b>	<b>88,155,993</b>
Acquisition of tangible capital assets	-	810,751	848,153	-	80,827	1,633,463	3,373,194
Write down of tangible capital assets	-	-	-	-	-	-	-
<b>Balance, End of Year</b>	<b>1,500</b>	<b>52,256,944</b>	<b>5,043,831</b>	<b>280,402</b>	<b>2,239,003</b>	<b>31,707,507</b>	<b>91,529,187</b>
<b>ACCUMULATED AMORTIZATION:</b>							
<b>Balance, Beginning of Year</b>	<b>-</b>	<b>14,072,396</b>	<b>3,205,248</b>	<b>262,268</b>	<b>1,019,540</b>	<b>2,500,606</b>	<b>21,060,058</b>
Annual amortization	-	1,601,114	304,536	5,441	235,808	1,135,607	3,282,506
<b>Balance, End of Year</b>	<b>-</b>	<b>15,673,510</b>	<b>3,509,784</b>	<b>267,709</b>	<b>1,255,348</b>	<b>3,636,213</b>	<b>24,342,564</b>
<b>NET BOOK VALUE</b>	<b>1,500</b>	<b>36,583,434</b>	<b>1,534,047</b>	<b>12,693</b>	<b>983,655</b>	<b>28,071,294</b>	<b>67,186,623</b>
2021 NET BOOK VALUE	1,500	37,373,797	990,430	18,134	1,138,636	27,573,438	67,095,935

The accompanying notes form part of these financial statements.

**Kehewin Cree Nation**  
**Consolidated Statement of Tangible Capital Assets - Schedule 2 (continued)**  
**For the year ended March 31, 2022**

	Subtotal	Projects Under Construction	2022	2021
	\$	\$	\$	\$
<b>COST:</b>				
<b>Balance, Beginning of Year</b>	<b>88,155,993</b>	<b>2,447,923</b>	<b>90,603,916</b>	<b>73,767,351</b>
Acquisition of tangible capital assets	3,373,194	2,777,544	6,150,738	17,696,565
Write down of tangible capital assets	-	-	-	(860,000)
<b>Balance, End of Year</b>	<b>91,529,187</b>	<b>5,225,467</b>	<b>96,754,654</b>	<b>90,603,916</b>
<b>ACCUMULATED AMORTIZATION:</b>				
<b>Balance, Beginning of Year</b>	<b>21,060,058</b>	<b>-</b>	<b>21,060,058</b>	<b>18,180,635</b>
Annual amortization	3,282,506	-	3,282,506	2,879,423
<b>Balance, End of Year</b>	<b>24,342,564</b>	<b>-</b>	<b>24,342,564</b>	<b>21,060,058</b>
<b>NET BOOK VALUE</b>	<b>91,529,187</b>	<b>5,225,467</b>	<b>72,412,090</b>	<b>69,543,858</b>
<b>2021 NET BOOK VALUE</b>	<b>67,095,935</b>	<b>2,447,923</b>	<b>69,543,858</b>	

The accompanying notes form part of these financial statements.

**Kehewin Cree Nation**  
**Consolidated Statement of Expenditures by Object - Schedule 3**  
**For the year ended March 31, 2022**

	2022 Budget \$	2022 Actual \$	2021 Actual \$
<b>EXPENDITURES</b>			
Awards	-	26,100	1,411
Bad debts	-	14,764	984,966
Band support	557,773	467,156	2,090,061
Bank charges and interest	14,040	34,761	52,786
Capital purchases	-	240,596	10,315
Community support	116,000	700,170	470,341
Contracted services	1,585,312	2,555,358	2,800,362
Courses (recovery)	-	(300)	-
Honourarium	630,062	794,426	500,482
Insurance	347,362	663,405	1,132,904
Interest on long-term debt	-	246,546	241,951
Leadership fees	57,646	716,045	1,444,362
Lease payments and rent	24,000	263,450	307,486
Office	70,382	309,619	33,951
Post secondary allowances	-	530,124	424,861
Professional development	146,984	270,069	27,912
Professional fees	175,000	345,561	558,469
Program expenses	361,191	253,390	81,759
Repairs and maintenance	201,750	827,761	621,600
Student expenses	-	12,100	76,390
Supplies and materials	718,804	1,674,785	1,152,900
Support services	-	1,977,003	-
Telephone and utilities	398,890	755,337	741,356
Training	183,188	315,708	109,002
Transportation	-	1,353	9,522
Travel	376,366	940,298	492,027
Tuition	-	264,155	224,886
Wages and employee benefits	8,092,176	8,441,214	7,711,693
<b>TOTAL EXPENDITURES</b>	<b>14,056,926</b>	<b>23,640,954</b>	<b>22,303,755</b>

The accompanying notes form part of these financial statements.

# Kehewin Cree Nation

## Notes to the Consolidated Financial Statements

### March 31, 2022

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#### **NATURE OF OPERATIONS**

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

#### **1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards set out in the CPA Canada Handbook - Public Sector Accounting and are consistent with accounting policies set out by Indigenous Services Canada ("ISC"). Significant aspects of the accounting policies adopted by the Nation are as follows:

##### **(a) Reporting Entity and Principles of Consolidation**

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Kehewin Cree Nation, except for First Nation business entities, and the following unincorporated entities:

- Kehewin Legacy Trust
- Kehewin Treaty Land Entitlement Trust
- Kehewin Specific Claims Settlement Trust

Kehewin Cree Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method as outlined in Note 5. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- 681415 Alberta Ltd. (o/a Kehewin Gasification)
- Kwayaskwaw Contracting Ltd. (formerly KCN Contracting Ltd.)
- Kehewin Power Trust

The Nation also has the following business entities which have no activity:

- 2270305 Alberta Ltd.
- 2334773 Alberta Ltd.

# Kehewin Cree Nation

## Notes to the Consolidated Financial Statements

### March 31, 2022

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#### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

##### (b) Reporting Entity and Principles of Consolidation - continued

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.

The Nation has ownership in the following companies which are recorded using the cost method:

- Pimee Kehewin General Store Limited Partnership
- SLS Metalworks & Fabricating Limited Partnership
- Pimee Education Foundation

##### (c) Basis of Presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable under the terms of the applicable funding agreements; 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.

##### (d) 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.

##### (e) Net Financial Assets (Net Debt)

The Nation's consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of consolidated financial position. The net financial assets (net debt) of the Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated surplus.

**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2022**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**Revenue Recognition**

**(f) Government transfers**

The 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 Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**(g) Externally restricted revenue**

The Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the Nation records externally restricted inflows in deferred revenue.

**(h) Other revenue, rental income and administration fees**

All other revenue received that is not subject to stipulations as defined by funding agreements is recorded in the year in which it is earned and collection is reasonably assured.

**(i) Deferred revenue**

Funding received under funding arrangements relating to projects that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt. These amounts are recognized in revenue in the year the project costs are incurred.

**(j) Investment in partnerships and business entities**

Investments in partnerships and business entities are accounted for using the modified equity method, less any provisions for permanent impairment. Investments in business entities that are not accounted for using the modified equity method are accounted for using the cost method, less any provisions for permanent impairment.

**(k) Cash and Cash Equivalents**

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

**(l) Funds Held in Trust and Restricted Investments**

Funds held in trust consist of cash and investments which are restricted in use. Gains and losses resulting from a change in fair value of restricted financial assets and any interest and dividend income are recorded as an increase or decrease to the associated asset until the resources are used in accordance with their specified purposes.

# Kehewin Cree Nation

## Notes to the Consolidated Financial Statements

### March 31, 2022

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#### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

##### (m) Funds Held in Ottawa Trust Fund

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

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

##### (n) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets is amortized on a declining balance basis over the estimated useful life of the assets at the annual rates as follows:

	<b>Method</b>	<b>Rate</b>
Automotive	declining balance	30 %
Buildings and housing	declining balance	4 %
Computer equipment	declining balance	30 %
Furniture and equipment	declining balance	20 %
Infrastructure	declining balance	4-20 %

Amortization is not recorded on projects under construction until such time the asset is completed and are ready for their intended use.

###### i) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value when the amount can reasonably be determined and would have been purchased by the Nation, if not contributed, at the date of receipt and also are recorded as revenue.

###### ii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operation leases and the related lease payments are charges to expenses as incurred.

##### (o) Long-lived Assets

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

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in operations for the year.

# Kehewin Cree Nation

## Notes to the Consolidated Financial Statements

### March 31, 2022

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#### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

##### (p) Liability for Contaminated Sites

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the 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, 2022. At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. At year-end, there was no liability recorded for contaminated sites (2021 - no liability recorded for contaminated sites).

##### (q) Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is based upon estimates of expended amounts and amounts required to complete specific projects. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Nation is responsible for.

Oil and gas royalties and surface right payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The Nation records receipts based on currently available information supplied by Canada. Royalty payments from oil and gas producers are subject to periodic revision.

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

##### (r) Segments

The Nation conducts its business through 14 reportable segments: Administration, Indigenous Skills and Employment Training (ISET), Chief and Council, Daycare, Economic Development, Education, First Nation Development Fund, Health, Housing, Public Works, Social Development, Kehewin Legacy Trust, Kehewin Treaty Land Entitlement Trust and Kehewin Specific Claims Settlement Trust. These operating segments are established by management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as discussed in this note.

# Kehewin Cree Nation

## Notes to the Consolidated Financial Statements

### March 31, 2022

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#### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

##### (s) Financial instruments

The Nation recognizes its financial instruments when the Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The Nation has not made such an election during the year.

The Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the consolidated statement of remeasurement gains and losses while interest income is recognized in the consolidated statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operations. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of operations

##### (t) Fair value measurements

The Nation classifies fair value measurements recognized in the consolidated statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Nation to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2022**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(u) Consolidated Statement of remeasurement gains and losses**

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenue and expenses reported in the consolidated statement of operations. The consolidated statement of operations reports the extent to which revenue raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the consolidated statement of remeasurement gains and losses. Taken together, the two statements account for changes in a Nation's net assets in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations. Interest and dividends attributable to all financial instruments are reported in the consolidated statement of operations.

**2. CASH AND CASH EQUIVALENTS**

	<b>2022</b>	<b>2021</b>
	\$	\$
Cash	8,547,627	3,627,353
Restricted cash - Capital projects	4,237,480	3,639,767
Restricted cash - Canada Mortgage and Housing Corporation (CMHC)	264,911	55,089
Restricted cash - Funds held in trust (Note 6)	105,749	50,392
	<b>13,155,767</b>	<b>7,372,601</b>

**3. ACCOUNTS RECEIVABLE**

	<b>2022</b>	<b>2021</b>
	\$	\$
Indigenous Services Canada	1,231,688	302,049
Member receivable - Maintenance	2,175,842	2,175,842
Member receivable - Rent	2,138,382	2,138,382
Goods and services tax receivable	12,456	8,178
Trade receivable	2,240,976	1,898,182
	<b>7,799,344</b>	<b>6,522,633</b>
Less: Allowance for Doubtful Accounts	<b>(4,314,224)</b>	<b>(4,720,624)</b>
	<b>3,485,120</b>	<b>1,802,009</b>

**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2022**

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**4. INVESTMENTS IN PARTNERSHIPS AND BUSINESS ENTITIES**

The advances to Pimee Well Services Ltd. are unsecured, bear interest at 10% (2021 - 10%) and have no set terms of repayment. The loans from Kwayaskwaw Contracting Ltd. are unsecured, non-interest bearing and have no set terms of repayment.

Kehewin Power Trust was established, with the Nation being the sole beneficiary, and the Kehewin Power Trust Corporation was incorporated as its trustee, with the Nation being the sole shareholder. On August 13, 2020, pursuant to a Unit Option Agreement, the Kehewin Power Trust exercised an option to purchase 75 Class A Limited Partnership Units at \$1.00 per unit from the Indigenous Communities Syndicate Limited Partnership ("LP"). The LP partners include the Alexis Nakota Sioux Nation, Enoch Cree Nation, Kehewin Cree Nation, O'Chiese First Nation, Paul First Nation and Whitefish Lake First Nation. The LP will be participating in the \$1.5 billion Cascade Power Project ("Cascade"), a 900MW combined cycled natural gas fired power plant located near Edson, Alberta. Cascade is a project developed and operated by Kineticor Resource Corp, that when completed in 2023 will supply eight percent of Alberta's electricity needs. The Alberta Indigenous Opportunities Corporation ("AIOC") will provide \$93 million in loan guarantees to the LP. AIOC is a provincial Crown corporation established in November 2019.

The Nation has investments in the following partnerships and business entities and are recorded using the modified equity method unless otherwise stated:

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>(a) 681415 Alberta Ltd. - 100% ownership</b>		
Shares	100	100
Advances from (to) the Nation	-	-
Accumulated surplus (deficit) in earnings	<b>473,683</b>	582,703
	<b>473,783</b>	582,803
<b>(b) Kawayaskwaw Contracting Ltd. - 100% ownership</b>		
Shares	10	10
Advances from (to) the Nation	(497,088)	(497,089)
Accumulated surplus (deficit) in earnings	<b>(363,817)</b>	(137,963)
	<b>(860,895)</b>	(635,042)
<b>(c) Pimee Well Services Ltd. - 16.66% ownership (cost method)</b>		
Shares	20	20
Advances from (to) the Nation	327,224	297,476
Accumulated surplus (deficit) in earnings	-	-
	<b>327,244</b>	297,496

**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2022**

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**4. INVESTMENTS IN PARTNERSHIPS AND BUSINESS ENTITIES - continued**

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>(d) Seven Lakes Oilfield Services Limited Partnership - 8.33% ownership</b>		
Shares	100	100
Advances from (to) the Nation	(102,384)	(102,384)
Accumulated surplus (deficit) in earnings	<u>2,574,178</u>	2,602,483
	<b>2,471,894</b>	2,500,199
<b>(e) Pimee Well Servicing Limited Partnership - 16.66% ownership</b>		
Shares	-	-
Advances from (to) the Nation	-	-
Accumulated surplus (deficit) in earnings	<u>1,978,582</u>	1,974,258
	<b>1,978,582</b>	1,974,258
Total investments	<b>4,390,608</b>	4,719,714

Summary financial information for each owned business entities for current fiscal year is as follows:

	<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Net Earnings (loss) for the year</b>
	\$	\$	\$	\$
681415 Alberta Ltd.	<b>651,227</b>	<b>173,783</b>	<b>394,857</b>	<b>(105,357)</b>
Kwayaskiwaw Contracting Ltd.	<b>136,449</b>	<b>997,343</b>	<b>517,161</b>	<b>(225,853)</b>

**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2022**

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**5. FUNDS HELD IN TRUST AND RESTRICTED INVESTMENTS**

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Ottawa Trust - Capital - Funds held in trust</b>		
Balance, beginning of year	765,862	512,110
Gas royalties	465,193	253,752
	<b>1,231,055</b>	765,862
Less: Transfers to First Nation	-	-
Balance, end of year	<b>1,231,055</b>	765,862
<b>Ottawa Trust - Revenue - Funds held in trust</b>		
Balance, beginning of year	11,443	334,720
Interest	-	6,168
Land leases	80,390	62,555
	<b>91,833</b>	403,443
Less: transfers to First Nation	-	(392,000)
Balance, end of year	<b>91,833</b>	11,443
<b>Kehewin Treaty Land Entitlement Trust - Restricted investments</b>		
Cash and cash equivalents	<b>101</b>	101
<b>Kehewin Legacy Trust - Restricted investments</b>		
Mutual funds	2,909,270	3,316,218
	<b>4,232,259</b>	4,093,624

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

The Nation received settlement funds of \$3,335,526 relating to the Kehewin Cree Nation Treaty Annuities Specific Claim ("TAC") from Her Majesty the Queen in Right of Canada, as represented by the Minister of Crown Indigenous Relations ("Canada"). These funds were held in trust (Note 2) and were advanced to the Kehewin Legacy Trust (the "Legacy Trust") on June 24, 2020. The TAC provides for the payment of compensation for the unlawful termination of treaty annuity payments to the Nation in the aftermath of the 1885 Northwest Rebellion. The Nation established the Legacy Trust to receive any compensation payable by Canada in relation to the TAC and to allow for the deposit of capital monies, lease income, royalties, specific claim settlements, own source revenues and any other monies (the "Trust Property"). The Legacy Trust is to be managed and invested for the long-term use and benefit of the Nation and to generate a sustainable source of income. The Nation has appointed the CIBC Trust Corporation to hold the Trust Property.

The cost of the Kehewin Legacy Trust - restricted investments is \$3,163,500 and an unrealized gain of \$152,718 was recorded in the year. Included in cash and cash equivalents is \$50,392 (2020 - \$nil) related to the Kehewin Legacy Trust and is restricted.

**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2022**

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**6. BANK INDEBTEDNESS**

The Nation has access to an operating loan with Peace Hills Trust bearing interest at prime plus 2% (2021 - prime plus 2%), authorized to a maximum of \$300,000 (2021 - \$300,000) of which \$ Nil (2021 - \$ Nil) was drawn at year end. Advances under this operating loan are repayable on demand.

The Nation has access to an operating loan with CIBC bearing interest at prime plus 0.5%, authorized to a maximum of \$1,000,000 of which \$ Nil was drawn at year end. Advances under this operating loan are repayable on demand.

At March 31, 2022, the prime interest rate was 6.45% (2021 - 2.45%).

Cash flows related to demand loans have been presented on a net basis as it is impracticable for management to determine the gross cash receipts and repayments.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2022</b>	<b>2021</b>
	\$	\$
Trade and other payables	3,401,852	3,475,714
Government remittances payable (recoverable)	58,571	(26,677)
<u>Holdbacks payable</u>	<u>76,893</u>	<u>25,994</u>
	<b>3,537,316</b>	<b>3,475,031</b>

Payable to related entities are non-interest bearing and have no fixed terms of repayment.

**8. DEFERRED CONTRIBUTION**

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Administration</b>		
ICSF 2 Perimeter Security (Q3G8)	-	105,130
ICSF 3 EMAP (Q3SJ/Q3T4)	-	486,927
Band Offices and Buildings (Q3R5)	-	54,748
Plan/Risk Mgt Gov Cap Dev (Q32N)	-	9,127
Systems and Data (Q3H2)	-	31,400
Other revenue	298,254	57,435
<b>Daycare</b>		
Daycares (Q3R7)	-	36,555
Tribal Chiefs Employment & Training Services Association	249,923	166,018
<b>Economic Development</b>		
Covid-19 LEDSP (Q3QP)	204,820	94,033
Covid-19 Corp (Q3QK)	129,307	129,307
CED - Non Block/Core Allocation (Q3IW)	-	1,119
<b>Education</b>		
Post Secondary Support Program (Q29A)	127,136	182,959
FNS & Inuit Summer Work (Q26F)	-	33,713
FNS & Inuit Skill Link Program (Q26G)	-	212,871

**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2022**

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**8. DEFERRED CONTRIBUTION - continued**

	2022	2021 (Restated) Note 17
	\$	\$
<b>Education - continued</b>		
Covid-19 Safe re elec/Sec (Q2JB)	337,282	119,938
Covid-19 School Reopening (Q3R0)	-	29,370
EIF B2016 Construction (Q37U)	104,868	645,095
FN School Second Level (Q24K-001)	318,548	-
Manage Culture Education Centres Program (Q26A-001)	20,000	-
FN School Formula (Q24F-001)	1,456,708	-
<b>First Nation Development Fund</b>	88,153	-
<b>First Nation and Inuit Health Branch</b>	1,829,151	674,180
<b>Housing</b>		
Capacity/Innovation (Q3AD)	-	168,893
Firesmart (Q3FS)	-	141,022
Construction (Q3XJ-001)	103,741	-
Renovation (Q3XK-001)	206,900	-
<b>Public Works</b>		
Wastewater Systems (Q35A/A361)	-	69,059
Solid Waste O&M (Q3BT/Q3OG)	-	54,151
FNS & Inuit - Skill Link Program (Q26G-003)	316,699	-
Roads and Bridges (Q3BH-001)	211,574	-
A&C-Wastewater <1.5M (Q351-001)	328,772	-
A&C-Wastewater <1.5M (Q351-001)	-	-
Infra Construction Transfer Station (Q0F)	-	1,391,285
ESA Steps 5-6 (Q3O2-001)	-	49,088
Remed - CSMWG Steps 7-9 (Q3N9-001 & Q3NK-001)	470,417	-
Remediation - Steps 7-9 (Q3O3-001)	685,000	-
B17 P Culture & Rec Centres (Q3UQ-001)	32,500	-
B2017 Part 2 Band Offices (Q3UU-001)	61,000	-
LTDWA - Acceleration (Q3TJ-001 & 002)	2,883,811	-
FNWWAP Water/Vul (Q35N/Q361)	1,248,801	1,603,387
<b>Social</b>		
Community Based Initiatives Current (Q2KQ-001)	159,659	117,139
Service Delivery (Q2AF)	-	46,538
Basic Needs (Q29W)	1,029,286	401,198
In-Home Care (Q2BF)	-	23,914
Child Out Parental Home Allowance (Q2A1-001)	-	16,174
	<b>12,902,310</b>	<b>7,151,773</b>

**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2022**

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**9. TERM LOANS DUE ON DEMAND**

	<b>2022</b>	<b>2021</b>
	\$	\$
Kehewin Legacy Trust - Canadian Imperial Bank of Canada ("CIBC") demand loan authorized to a maximum of \$1,667,763, bearing interest at prime less 0.5% and is secured by: a general security agreement provided by Kehewin Legacy Trust, including a pledge of the investment property. The loan shall be repayable on demand or by way of regular monthly payments of principal plus accrued interest until such time that the loan is repaid in full, subject to a maximum amortization period of 25 years.	1,573,243	1,639,963
Kehewin Treaty Land Entitlement Trust - CIBC demand line of credit authorized to a maximum of \$3,735,200, bearing interest at prime plus 0.5% and is secured by: a general security agreement provided by the Kehewin Treaty Land Entitlement Trust, including a pledge of the investment property, a first ranking assignment of insurance, a pledge of surety bond and guarantee from AmTrust Financial Services Inc. The loan shall be repayable on demand or by way of regular monthly payments of principal plus accrued interest until such time that the loan is repaid in full, subject to a maximum amortization period of 5 years.	3,013,603	2,773,283
Kehewin Specific Claims Settlement Trust - CIBC demand line of credit authorized to a maximum of \$3,735,200, bearing interest at prime plus 0.5% and is secured by: a general security agreement provided by the Kehewin Specific Claims Settlement Trust, including a pledge of the investment property, a first ranking assignment of insurance, a pledge of surety bond and guarantee from AmTrust Financial Services Inc. The loan shall be repayable on demand or by way of regular monthly payments of principal plus accrued interest until such time that the loan is repaid in full, subject to a maximum amortization period of 5 years.	1,431,269	1,307,264
	<b>6,018,115</b>	<b>5,720,510</b>

The Nation has provided a general security guarantee for all of the term loans due on demand.

**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
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**10. LONG-TERM DEBT**

	<b>2022</b>	<b>2021</b>
	\$	\$
CMHC Direct Lending financing repayable at \$11,975 per month including interest at 0.94% per annum, maturing March 2026, secured by ISC Ministerial guarantee and CMHC insurance.	1,162,365	1,294,340
CMHC Direct Lending financing repayable at \$5,079 per month including interest at 2.22% per annum, maturing January 2024, secured by ISC Ministerial guarantee and CMHC insurance.	1,056,836	1,094,099
CMHC Direct Lending financing repayable at \$2,128 per month including interest at 1.50% per annum, maturing July 2022, secured by ISC Ministerial guarantee and CMHC insurance.	448,155	466,874
CMHC Direct Lending financing repayable at \$2,367 per month including interest at 1.31% per annum, maturing December 2021, secured by ISC Ministerial guarantee and CMHC insurance.	379,597	402,722
CMHC Direct Lending financing repayable at \$1,590 per month including interest at 1.31% per annum, maturing December 2021, secured by ISC Ministerial guarantee and CMHC insurance.	89,471	107,232
CMHC Direct Lending financing repayable at \$846 per month including interest at 1.13% per annum, maturing July 2021, secured by ISC Ministerial guarantee and CMHC insurance.	39,758	49,403
CMHC Direct Lending financing repayable at \$2,612 per month including interest at 1.13% per annum, maturing June 2026, secured by ISC Ministerial guarantee and CMHC insurance.	665,495	424,903
CMHC Direct Lending financing - the amount is a draw loan for a project under construction and has not been formalized into a loan agreement. Upon completion of the project a loan agreement formalizing terms, interest and security will be finalized.	<u>1,221,885</u>	<u>562,841</u>
	<b>5,063,562</b>	<b>4,402,414</b>

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**Kehewin Cree Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2022**

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**10. LONG-TERM DEBT- continued**

Principal repayments on long-term debt in each of the next five years and thereafter, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

	\$
2023	341,176
2024	344,294
2025	348,963
2026	353,712
<u>2027 and thereafter</u>	<u>3,675,417</u>
	<hr/>
	5,063,562

Interest on bank indebtedness, term loans due on demand and long-term debt amounted to \$261,781 (2021 - \$125,454).

**11. REPLACEMENT RESERVE**

In accordance with terms of the agreements with CMHC, the First Nation is required to maintain certain reserves related to on-reserve housing projects estimated at \$740,085 (2021 - \$740,085). As at March 31, 2022, the First Nation has funded \$209,822 (2021 - \$55,089). The replacement reserve is underfunded by \$475,174 (2021 - \$684,996).

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**12. CONTINGENCIES**

- a) The Nation is involved in a dispute over the legal ownership of certain property. The effects of any contingent claims relating to this dispute are not determinable at the date of this report.
- b) The Nation has been named as defendant in a lawsuit on behalf of a contractor for the construction of the elders' lodge and specific houses, seeking to recover damages allegedly sustained by them as a result of unpaid balances. The defendant is seeking total damages of \$3,718,250 plus costs and interest. The Nation has a counterclaim for construction deficiencies associated with the construction of the lodge. In August 2019 there was a judgment against the Nation that confirmed \$1,925,007 was legally enforceable. As at March 31, 2022, included in accounts payable and accruals the Nation has recorded a liability of \$1,925,007 (2021 - \$1,925,007) in connection with the claim. The recording of the amount does not constitute admission of claim. Any adjustments to this action or the counterclaim will be recorded when it can reasonably be estimated. During the year ended March 31, 2020 construction deficiencies on the initial construction of the elders' lodge were identified and an impairment provision was recorded totaling \$694,340. As at March 31, 2022, the entire net book value of the elders' lodge was recorded as impaired.
- c) The Nation has been named as defendant in a lawsuit on behalf of their former lawyer for unpaid fees and interest. The defendant is seeking total damages of \$819,000. As at March 31, 2022, included in accounts payable and accruals the Nation has recorded a liability of \$549,000 (2021 - \$549,000) in connection with the claim. The recording of the amount does not constitute admission of claim. The outcome of this matter is not determinable. Any adjustments to this action will be recorded when it can reasonably be estimated.
- d) Government contributions related to the projects of the Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records, as well as those agencies delegated to execute the projects, are subject to audit by the various 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 consolidated financial statements as a result of these audits will be recorded in the year in which they become known.
- e) The Nation has been named as a defendant in a number of other lawsuits which are subject to many uncertainties and consequently it is not possible to predict their ultimate outcomes or to estimate the losses, if any, which may result.

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**13. RELATED PARTY TRANSACTIONS**

**Transactions**

During the year, the Nation conducted the following transactions with related entities:

	<b>2022</b> \$	<b>2021</b> \$
Contracting services - Kwayaskwaw Contracting Ltd.	<b>127,294</b>	86,260

**Balances**

Trades payable owing to related Nation entities are as follows:

	<b>2022</b> \$	<b>2021</b> \$
<b>Due to:</b>		
681415 Alberta Ltd.	4,035	1,720
Kwayaskwaw Contracting Ltd.	-	-
	<b>4,035</b>	1,720
<b>Due from:</b>		
681415 Alberta Ltd.	11,061	4,500
Kwayaskwaw Contracting Ltd.	861,051	412,196
	<b>872,112</b>	416,696

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Loans and advances with related parties are measured at the amount of the cash flows on an undiscounted basis.

The advances to (from) these related parties are non-interest bearing, unsecured and have no specified repayment terms.

These amounts are included in the Accounts receivable and Accounts payable and accruals balances included in Notes 3 and 7.

**14. FINANCIAL INSTRUMENTS**

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

# Kehewin Cree Nation

## Notes to the Consolidated Financial Statements

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#### **15. FINANCIAL INSTRUMENTS - continued**

##### **Risk management policy**

The Nation, as part of operations, has established risk management objectives such as avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the Nation follows a risk management policy approved by Chief and Council.

##### **Credit risk**

Credit risk is the risk of financial loss because a counterparty to a financial instrument fails to discharge its contractual obligations. The Nation is exposed to credit risk primarily through its accounts receivable. The amount allowed for doubtful accounts is disclosed in Note 3. The Nation manages its credit risk by performing regular credit assessments of its customers, providing allowances for potentially uncollectible accounts receivable. As of March 31, 2022, two customers and funders accounted for 32% of the accounts receivable.

##### **Liquidity risk**

Liquidity risk is the risk that the Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Nation enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Nation's future net cash flows for the possibility of negative net cash flow. Details and contractual maturities of bank indebtedness, term loans due on demand and long-term debt are disclosed in Notes 6, 9 and 10.

##### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Nation is exposed to interest rate risk with respect to its bank indebtedness and term loans due on demand which are subject to floating interest rates. The Nation is exposed to interest rate price risk with respect to its long-term debt and certain of its advances from related parties which bear interest at rates agreed upon at the time of issuance.

##### **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Nation enters into transactions to purchase portfolio investments through investments and funds held in trust and restricted investments, for which the market price fluctuates.

Other price risk is measured is measured using standard deviation which measures a portfolio investment's volatility regardless of the cause. The Nation manages its other price risk by by utilizing investment managers and custodians to monitor the volatility of the portfolio investments held and manage the investments in accordance to the investment guidelines

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**15. BUDGET INFORMATION**

The disclosed budget information has been approved by Chief and Council. Budgets for departments and projects not disclosed in the various schedules were not prepared by the Nation's management.

**16. COMPARATIVE FIGURES**

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

The prior year figures were audited by another chartered professional accounting firm.

**17. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made to correct the amount of deferred revenue in the health programs in 2021.

The result of this prior period adjustment reduced the revenue in the health programs by \$643,249, and the unrestricted surplus. The amount of deferred contributions increased by \$643,249.