

Smith's Landing First Nation #196
Consolidated Financial Statements

March 31, 2019

Smith's Landing First Nation #196

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Smith's Landing First Nation

Thebacha Nare IR # 196

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the **Smith's Landing First Nation #196** are the responsibility of management and have been approved by the Chief and Chief Executive Officer on behalf of Council.

The 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 in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

The First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.

Original Signed By

Chief

Original Signed By

Chief Executive Officer (CEO)



Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
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INDEPENDENT AUDITOR'S REPORT

To the Chief and Council

Opinion

We have audited the consolidated financial statements of **Smith's Landing First Nation #196**, which comprise the statement of financial position as at March 31, 2019, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Smith's Landing First Nation #196** as at March 31, 2019, the results of its operations, changes in its net financial assets and its 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 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.

Responsibilities of Management and Those Charged with Governance for the 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.

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 liquidate the Organization or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 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.

INDEPENDENT AUDITOR'S REPORT - continued

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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 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, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

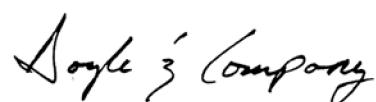
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

The engagement partner on the audit resulting in this independent auditor's report is Allen Lee, CPA, CMA.

November 25, 2019

Edmonton, Alberta



Chartered Professional Accountants

Smith's Landing First Nation #196
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	533,883	410,608
Restricted cash (Note 3)	405,802	547,261
Short-term investment (Note 4)	19,579	19,375
Accounts receivable (Note 5)	365,104	531,342
Investment in First Nation controlled entities (Note 6)	171,000	-
Trust funds held by federal government (Note 7)	11,358	10,505
	1,506,726	1,519,091
LIABILITIES		
Accounts payable (Note 8)	314,222	208,438
Deferred revenue (Note 9)	279,911	280,706
	594,133	489,144
NET FINANCIAL ASSETS	912,593	1,029,947
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	2,553,113	2,610,030
Prepaid expenses	14,434	-
Investments (Note 10)	28,187,436	27,343,407
	30,754,983	29,953,437
ACCUMULATED SURPLUS (Schedule 1 and Note 14)	31,667,576	30,983,384

Approved by the First Nation:

<i>Original Signed By</i>	Chief	<i>Original Signed By</i>	Councilor
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Smith's Landing First Nation #196
Consolidated Statement of Financial Activities
For the year ended March 31, 2019

	2019 Budget (Note 18)	2019 Actual	2018 Actual
	\$	\$	\$
REVENUE			
Indigenous Services Canada			
Grant	183,604	191,155	186,604
Flexible contribution	23,200	1,473,622	-
Fixed contribution	566,992	711,132	753,992
Set contribution	8,747	20,528	132,431
Akaitcho Territory Government	228,025	252,100	129,804
Alberta Government	135,000	135,000	145,000
First Nation Development Fund	430,651	416,819	403,346
Investment income	760,320	1,000,000	1,000,000
Other revenue (recovery)	80,000	544,588	454,465
Revenue deferred from previous period	-	108,209	-
Revenue deferred to subsequent period	-	(107,414)	(108,209)
	2,416,539	4,745,739	3,097,433
EXPENDITURES			
Administration	493,924	868,265	543,158
Akaitcho Territory Government			
Chipewyan Language program	144,000	111,067	43,214
Akaitcho Territory Government on the Land Wellness	-	39,796	9,467
Alberta Government	135,000	242,004	138,897
Capital Projects	232,000	1,600,460	315,862
CEAA - Teck Frontier	-	93,833	-
Chief and Council	223,000	200,197	173,923
Consultation	-	90,516	85,390
Des Nedhe' Trail Project	-	59,479	-
Economic Development	65,740	77,740	80,719
Education	244,025	352,475	245,126
Family Wellness	-	14,846	-
First Nation Development Fund	430,651	393,355	281,243
Housing	-	28,194	14,202
Membership	155,000	204,488	124,344
PID Funding	-	9,055	-
Public Works	186,252	235,286	216,296
Social Development	106,947	172,085	66,903
	2,416,539	4,793,141	2,338,744
Excess (Deficiency) of Revenue Over Expenditures			
Before Other Expenditures	-	(47,402)	758,689
Other Expenditures			
Amortization	-	(112,435)	(113,581)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	(159,837)	645,108

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2019

	2019	2018
	\$	\$
EXCESS OF REVENUES OVER EXPENDITURES	(159,837)	645,108
Acquisition of tangible capital assets	(55,518)	(512,920)
Amortization of tangible capital assets	112,435	113,581
Transfer to investments	-	(66,100)
	56,917	(465,439)
Acquisition of prepaid assets	(38,327)	-
Use of prepaid assets	23,893	19,708
	(14,434)	19,708
INCREASE IN NET ASSETS	(117,354)	199,377
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,029,947	830,570
NET FINANCIAL ASSETS, END OF YEAR	912,593	1,029,947

Smith's Landing First Nation #196

Consolidated Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	4,911,182	2,910,528
Cash paid to suppliers and employees	(4,701,791)	(2,449,113)
	209,391	461,415
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in investments	(171,853)	(66,914)
Purchase of tangible capital assets	(55,518)	(512,920)
	(227,371)	(579,834)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(17,980)	(118,419)
CASH - Beginning of year	977,244	1,095,663
CASH - End of year	959,264	977,244
 Cash consists of:		
Cash	533,883	410,608
Restricted cash (Note 3)	405,802	547,261
Short-term investment (Note 4)	19,579	19,375
	959,264	977,244

Smith's Landing First Nation #196
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2019

	Unrestricted Surplus \$	Equity in Enterprise Fund \$	Equity in Tangible Capital Assets \$	Equity in Trust Funds \$	Equity in Settlement Capital \$	2019 Total \$	2018 Total \$
Balance, Beginning of Year	1,019,442	-	2,610,030	10,505	27,343,407	30,983,384	30,540,500
Excess of revenue over expenses	(159,837)	-	-	-	-	(159,837)	645,108
Net investment income	(853)	-	-	853	1,844,029	1,844,029	797,776
Capital funds used for operation	-	-	-	-	(1,000,000)	(1,000,000)	(1,000,000)
Investment in subsidiary	(171,000)	171,000	-	-	-	-	-
Current years funds used for tangible capital assets	(55,518)	-	55,518	-	-	-	-
Annual amortization expense	112,435	-	(112,435)	-	-	-	-
Change in accumulated surplus	(274,773)	171,000	(56,917)	853	844,029	684,192	442,884
Balance, End of Year	744,669	171,000	2,553,113	11,358	28,187,436	31,667,576	30,983,384

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196
Consolidated Statement of Tangible Capital Assets - Schedule 2
For the year ended March 31, 2019

	Automotive	Buildings & Infrastructure	Equipment	Land	2019	2018
	\$	\$	\$	\$	\$	\$
COST:						
Balance, Beginning of Year	424,838	2,823,915	240,069	391,772	3,880,594	3,367,674
Acquisition of tangible capital assets	55,518	-	-	-	55,518	512,920
Balance, End of Year	480,356	2,823,915	240,069	391,772	3,936,112	3,880,594
ACCUMULATED AMORTIZATION:						
Balance, Beginning of Year	339,431	731,781	199,352	-	1,270,564	1,156,983
Annual amortization	33,950	69,948	8,537	-	112,435	113,581
Balance, End of Year	373,381	801,729	207,889	-	1,382,999	1,270,564
NET BOOK VALUE	106,975	2,022,186	32,180	391,772	2,553,113	2,610,030

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196
Consolidated Statement of Financial Activities - Schedule 3
For the year ended March 31, 2019

	INAC Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit) Before Capital	Capital Expenditures 2019	Surplus (Deficit) Without Capital	
							2019	2018
		\$	\$	\$	\$	\$	\$	\$
Administration	191,155	581,991	773,146	868,265	(95,119)	-	194,134	
Akaitcho Territory Government								
Chipewyan Language Program	-	111,635	111,635	111,067	568	-	-	
On the Land Wellness	-	30,500	30,500	39,796	(9,296)	-	17,983	
Alberta Government	-	287,002	287,002	242,004	44,998	-	17,882	
Capital Projects	1,457,300	108,353	1,565,653	1,600,460	(34,807)	-	126,888	
CEAA - Teck Frontier	-	30,505	30,505	93,833	(63,328)	-	-	
Chief and Council	-	227,184	227,184	200,197	26,987	-	42,931	
Consultation	-	72,791	72,791	90,516	(17,725)	-	(24,745)	
Des Nedhe' Trial Project	-	122,406	122,406	59,479	62,927	-	241,074	
Economic Development	77,740	-	77,740	77,740	-	-	32,404	
Education	189,774	127,937	317,711	352,475	(34,764)	-	(9,108)	
Family Wellness	164,970	-	164,970	14,846	150,124	-	-	
First Nation Development Fund	-	410,827	410,827	393,355	17,472	55,518	7,977	
Housing	-	1,675	1,675	28,194	(26,519)	-	24,191	
Membership	-	175,609	175,609	204,488	(28,879)	-	13,656	
PID Funding	72,500	-	72,500	9,055	63,445	-	-	
Public Works	186,252	5,755	192,007	235,286	(43,279)	-	(25,457)	
Social Development	111,880	-	111,880	172,085	(60,205)	-	86,176	
	2,451,571	2,294,170	4,745,741	4,793,141	(47,400)	55,518	745,986	

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196
Consolidated Statement of Expenditures by Object - Schedule 4
For the year ended March 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
EXPENDITURES			
Administration	18,000	11,397	5,566
Contract labour	16,016	118,025	1,000
Donations	7,500	8,702	8,106
Honorarium	120,000	183,510	71,966
Housing	232,000	168,187	5,017
Insurance	38,000	28,551	19,709
Interest, bank charges and loan payments	6,000	5,766	4,973
Meeting costs	13,500	39,342	20,933
Members needs	90,000	129,796	79,783
Office and supplies	193,190	122,352	118,117
Professional fees	210,000	654,442	250,771
Program expenses	237,305	50,638	24,391
Repairs and maintenance	168,436	1,681,302	467,440
Travel	132,200	223,081	210,574
Tuition, allowances, bursaries and training	60,000	297,293	232,750
Vehicle	5,500	33,782	11,387
Wages and employee benefits	868,892	1,036,975	806,261
TOTAL EXPENDITURES	2,416,539	4,793,141	2,338,744

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2019

NATURE OF OPERATIONS

Smith's Landing First Nation #196 (the "Nation") provides local government, education, and social development services to its members and was established under the Indian Act (Canada).

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Smith's Landing First Nation #196 are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Canadian Public Sector Accounting Standards and include the following significant accounting policies:

(a) Reporting Entity and Principles of Consolidation

The consolidated financial statements consolidate the financial activities of all entities and departments comprising Smith's Landing First Nation #196 (the "Nation"), except for First Nation business entities.

Business accounted for by the modified equity basis include:

- i) Smith's Landing Development Corporation

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's business entities, which are owned or controlled by the Nation but not dependent on the Nation for their continuing operations, are included in the First Nation's consolidated financial statements using the modified equity method. 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 are recorded at acquisition cost and are increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distribution received.

(b) Fund Accounting

The Smith's Landing First Nation #196 uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Smith's Landing First Nation #196 maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation Administration.
- The Tangible Capital Assets Fund which reports the capital Assets of the First Nation, together with their related financing.
- The Enterprise Fund which reports the investment made in controlled entities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The Settlement Capital Fund which reports on trust funds owned by the First Nation and managed by a third party.

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES'S - continued

(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 comes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(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, expenses that have been prepaid, and investments.

(e) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

(f) Revenue Recognition

i) Funding

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

ii) 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.

iii) Industry and other revenues

Industry and other revenues are recognized when prices are agreed upon, all significant contractual obligations have been satisfied, and collectibility is reasonably assured.

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES'S - continued

(g) Indigenous Services Canada (ISC) Capital and Revenue Trust Funds

Funds held in trust on behalf of Nation members by the Government of Canada are reported on the consolidated statement of financial position with an offsetting amount in revenue. Trust moneys consist of:

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

(h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank accounts and temporary investments with maturities of three months or less.

(i) Investments

Investments are recorded at the lower of cost and fair market value. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

The security investments with CIBC Wood Gundy are recorded at fair market value.

i) 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, less residual value, 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:

Automotive	30%
Buildings and Infrastructure	4%
Equipment	20%

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii) 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 charged to expenses as incurred.

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES'S - continued

(j) Financial Instruments

(i) Measurement of financial instruments

Smith Landing First Nation initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Smith Landing First Nation subsequently measures all of its financial assets and liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, restricted cash, short-term investments, accounts receivables, and trust funds held by federal government.

Financial liabilities measured at amortized cost include accounts payable.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

2. MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

3. RESTRICTED CASH

	2019	2018
	\$	\$
First Nation Development Fund (FNDF)	405,802	547,261

4. SHORT-TERM INVESTMENT

The investment is a variable guaranteed investment certificate (GIC) with the Bank of Montreal (BMO). The term is for 1 year maturing January 2020 at an interest rate of 2.70%. The interest is calculated and paid at maturity. This GIC is to secure the two BMO mastercards, one mastercard has a limit of \$10,000 and the other card is \$6,800.

Smith's Landing First Nation #196
Notes to the Consolidated Financial Statements
March 31, 2019

5. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Akaitcho Territory Government (ATG)	3,120	27,223
Indigenous Services Canada (ISC)	84,777	99,685
First Nation Development Fund (FNDF)	112,789	261,634
First Nations Consultation Capacity Investment Program (FNCCIP)	20,250	-
Members	102,495	99,761
Goods and Services Tax (GST)	11,777	58,931
Other	102,542	56,754
	437,750	603,988
Less: Allowance for doubtful accounts	(72,646)	(72,646)
	365,104	531,342

6. INVESTMENT IN FIRST NATION CONTROLLED ENTITY

	2019	2018
	\$	\$
Smith's Landing Development Corporation		
Shares	10	10
Advances	189,847	18,847
Accumulated deficit in earnings	(18,857)	(18,857)
	171,000	-

Unaudited financial information for the above entity for its respective March 31, 2019 year ended is as follows:

	Assets	Liabilities	Revenues	Net Earnings
	\$	\$	\$	\$
Smith's Landing Development Corporation	171,000	189,837	-	-

Smith's Landing First Nation #196
Notes to the Consolidated Financial Statements
March 31, 2019

7. INDIGENOUS SERVICES CANADA REVENUE TRUST FUNDS

The Ottawa Trust accounts arise from monies derived from 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 section 63 and 69 of the *Indian Act*.

These Ottawa Funds are held in trust in the Consolidated Revenue fund of the Government of Canada. These funds earn interest as specified in Section 61(2) of the *Indian Act*.

Revenue trust moneys are transferred to the Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Nation's Council.

	2019	2018
	\$	\$
Revenue Trust		
Balance, beginning of year	10,505	9,691
Earnings	853	814
Balance, end of year	11,358	10,505

8. ACCOUNTS PAYABLE

	2019	2018
	\$	\$
Trade	286,635	186,576
Wages and Vacation	27,587	21,862
	314,222	208,438

9. DEFERRED REVENUE

	2019	2018
	\$	\$
First Nation Development Fund	107,414	101,423
Chipewyan Language Program	-	6,786
Land Acquisition	172,497	172,497
	279,911	280,706

Smith's Landing First Nation #196 had a land acquisition bank account with \$66,084. These funds were transferred to the CIBC Settlement account during August 2017. The total funds in the the CIBC Settlement account is \$172,497.

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10. INVESTMENTS

	2019	2019	2018	2018
	Market \$	Cost \$	Market \$	Cost \$
CIBC Wood Gundy				
Cash and cash equivalents	2,271,852	2,271,852	1,898,146	1,898,146
Fixed income	9,770,397	9,530,208	10,153,305	10,122,967
Equities	16,145,187	11,625,740	15,291,956	11,366,120
	28,187,436	23,427,800	27,343,407	23,387,233

The above investments are in accordance with the policy guidelines approved by the Smith's Landing First Nation #196 council. These amounts have been recorded at fair value.

The amounts of unrealized gains included in the market values are \$4,759,637 (2018 - \$3,956,174).

The change between the opening and closing unrealized amounts is a gain/(loss) of \$803,462 (2018 - (\$400,106)) and have been recorded to the equity in settlement capital funds.

The total management fees for the year were \$253,176: \$225,960 Wood Gundy Managers and \$27,216 CIBC Trust (2018 - \$249,596: \$222,287 Wood Gundy Managers and \$27,309 CIBC Trust), see note 13.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
	\$	\$
Tangible capital assets (Schedule 2)	3,936,112	3,880,594
Accumulated amortization (Schedule 2)	(1,382,999)	(1,270,564)
	2,553,113	2,610,030

12. EQUITY IN ENTERPRISE FUND

	2019	2018
	\$	\$
Balance, beginning of year	-	-
Advances to (from) controlled entity	171,000	-
Balance, end of year	171,000	-

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13. EQUITY IN SETTLEMENT CAPITAL FUND

	2019	2018
	\$	\$
Balance, beginning of year	27,343,407	27,479,531
Interest and dividends	697,024	710,095
Capital gains - realized	596,719	803,483
Change in opening and ending unrealized balance	803,462	(400,106)
Management fees	(253,176)	(249,596)
Transfer to general funds - operating revenue	(1,000,000)	(1,000,000)
Balance, end of year	28,187,436	27,343,407

14. ACCUMULATED SURPLUS

	2019	2018
	\$	\$
Unrestricted surplus	744,669	1,019,442
Equity in tangible capital assets	2,553,113	2,610,030
Equity in enterprise fund	171,000	-
Equity in trust funds	11,358	10,505
Equity in settlement capital fund	28,187,436	27,343,407
	31,667,576	30,983,384

15. CONTINGENT LIABILITIES

- a) A claim has been filed against the Nation by a member for salary owed between April 17, 2018 and October 11, 2018 that was not paid plus legal fees. The court has heard the judicial reviews and judgement was reserved and is still pending. Should a liability result from an unfavourable judgment, the amount will be recognized as an expenditure in the year the liability is determined.
- b) A member has filed a counter claim against the Nation for general damages and aggravated and/or punitive damages. Should a liability result from an unfavourable judgment, the amount will be recognized as an expenditure in the year the liability is determined.

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16. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISK

The Nation's financial instruments consist of cash, restricted cash, short-term investments, accounts receivable, trust funds held by federal government, investments, accounts payable. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Nation by failing to discharge an obligation. The Nation's credit risk is mainly related to accounts receivable. The Nation provides credit to its clients in the normal course of its operations and assesses on a continuous basis the accounts receivable and records any amounts that are not collectible in the allowance for doubtful accounts.

Market Risk

Market risk is the risk that the fair value or future cash flows of the Nation's financial instrument will fluctuate because of changes in market prices. Some of the Nation's financial instruments expose it to this risk which comprises currency risk, interest rate risk, and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Nation may purchase services and goods from outside of Canada and incurs expenditures in foreign currency. Also some of the investments are in foreign currency.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The Nation is exposed to interest rate risk on its bank account balances and any of its fixed and/or floating interest rate financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The Nation manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfil its financial obligations.

17. COMPARATIVE FIGURES

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

18. BUDGET FIGURES

The budget figures are presented for information purposes only and have not been audited.