

Smith's Landing First Nation #196

Consolidated Financial Statements

March 31, 2020

Smith's Landing First Nation #196

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Smith's Landing First Nation

Thebacha Nare IR # 196

PO Box 1470, Fort Smith, NT, X0E 0P0

Phone: (867) 872-4950 Fax: (867) 872-5154

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 under the circumstances to ensure that the financial statements are presented fairly in all material respects.

Smith's Landing First Nation #196 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 Smith's Landing First Nation #196's assets are appropriately accounted for and adequately safeguarded.

The Smith's Landing First Nation #196's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for the financial statements. The Smith's Landing First Nation #196's Council carries out this responsibility principally through its meetings with management and the external auditors. 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 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 Smith's Landing First Nation #196's 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*
Jason Bondarevich, CPA, CA*
*Operates as a professional Corporation

11210 – 107 Avenue N.W.
Edmonton, Alberta T5H 0Y1
Tel (780) 452-2300, Fax (780) 452-2335

INDEPENDENT AUDITOR'S REPORT

To the Chief and Council

Opinion

We have audited the consolidated financial statements of Smith's Landing First Nation #196 (the "Nation"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, change in net financial assets and cash flows for the year 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 the Nation as at March 31, 2020, and the results of its operations 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 these consolidated financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **Nation's** financial reporting process

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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

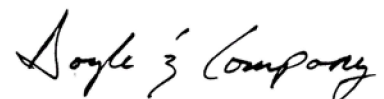
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

June 15, 2021

Edmonton, Alberta



Chartered Professional Accountants

Smith's Landing First Nation #196
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	563,870	533,883
Restricted cash (Note 3)	566,654	405,802
Accounts receivable (Note 4)	227,723	365,104
Investment (Note 5)	19,823	19,579
Investment in First Nation controlled entities (Note 6)	171,000	171,000
Trust funds held by federal government (Note 7)	12,391	11,358
	1,561,461	1,506,726
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	389,843	314,222
Deferred revenue (Note 9)	315,052	279,911
	704,895	594,133
NET FINANCIAL ASSETS	856,566	912,593
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	2,461,230	2,553,113
Prepaid expenses	-	14,434
Investments (Note 10)	26,145,161	28,187,436
	28,606,391	30,754,983
ACCUMULATED SURPLUS (Schedule 1 and Note 14)	29,462,957	31,667,576

Contingent Liabilities - Note 15

Significant Event - Note 17

Approved by the First Nation:

<p>Original Signed By _____ Chief</p>	<p>Original Signed By _____ Councilor</p>
<p>Original Signed By _____ Councilor</p>	<p>Original Signed By _____ Councilor</p>
<p>Original Signed By _____ Councilor</p>	

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196

Consolidated Statement of Operations

For the year ended March 31, 2020

	2020 Budget (Note 19) \$	2020 Actual \$	2019 Actual \$
REVENUE			
Indigenous Services Canada			
Grant	191,364	216,542	191,155
Fixed contribution	900,271	897,694	711,495
Flexible contribution	199,365	551,272	1,473,622
Set contribution	100	27,743	20,528
Akaiitcho Territory Government	121,000	61,017	252,100
Alberta Government	230,000	230,000	135,000
First Nation Development Fund	420,000	338,834	416,819
Investment income	919,352	1,000,000	1,000,000
Other revenue (recovery)	-	469,318	544,225
Revenue deferred from previous period	-	107,414	108,209
Revenue deferred to subsequent period	-	(142,555)	(107,414)
	2,981,452	3,757,279	4,745,739
EXPENDITURES			
Administration	600,015	901,082	868,265
Akaiitcho Territory Government			
Chipewyan Language program	121,000	106,141	111,067
Akaiitcho Territory Government on the Land Wellness	-	-	39,796
Alberta Government	230,000	230,000	242,004
Annuity Valuations Specific Claim	30,500	30,500	-
Capacity/Innovation	-	30,139	-
Capital Projects	402,000	255,858	1,600,460
CEAA - Teck Frontier	-	91,164	93,833
Chief and Council	223,000	215,593	200,197
Climate Change Preparedness North	-	82,983	-
Consultation	-	37,252	90,516
COVID-19	-	67,926	-
Des Nedhe' Trail Project	-	4,596	59,479
Economic Development	65,740	62,522	77,740
Education	223,480	332,561	352,475
Family Wellness	164,970	211,937	14,846
First Nation Development Fund	420,000	309,639	393,355
Government of Northwest Territories	-	25,948	-
Housing	25,000	27,388	28,194
Impact Assessment Act \$12K	-	5,763	-
ISC 195K Reno	200,000	212,419	-

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196
Consolidated Statement of Operations - Continued
For the year ended March 31, 2020

	2020 Budget (Note 19) \$	2020 Actual \$	2019 Actual \$
EXPENDITURES			
Lands Nature United	-	2,769	-
Membership	205,000	216,735	204,488
PID Funding	-	26,258	9,055
Public Works	186,252	198,083	235,286
Social Development	109,495	107,121	172,085
Suncor Base Mine	-	1,169	-
T8 TK Policy	-	13,193	-
	3,206,452	3,806,739	4,793,141
Excess (Deficiency) of Revenue Over Expenditures Before Other Expenditures	(225,000)	(49,460)	(47,402)
Other Expenditures			
Amortization	-	(112,883)	(112,435)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(225,000)	(162,343)	(159,837)

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, 2020

	2020	2019
	\$	\$
EXCESS OF REVENUES OVER EXPENDITURES	(162,343)	(159,837)
Acquisition of tangible capital assets	(21,000)	(55,518)
Amortization of tangible capital assets	112,883	112,435
	91,883	56,917
Acquisition of prepaid assets	(24,781)	(38,327)
Use of prepaid assets	39,214	23,893
	14,433	(14,434)
INCREASE IN NET ASSETS	(56,027)	(117,354)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	912,593	1,029,947
NET FINANCIAL ASSETS, END OF YEAR	856,566	912,593

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196

Consolidated Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	3,929,800	4,891,603
Cash paid to suppliers and employees	(3,716,684)	(4,701,791)
	213,116	189,812
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in investments	(1,277)	(171,853)
Purchase of tangible capital assets	(21,000)	(55,518)
	(22,277)	(227,371)
INCREASE (DECREASE) IN CASH DURING THE YEAR	190,839	(37,559)
CASH - Beginning of year	939,685	977,244
CASH - End of year	1,130,524	939,685
Cash consists of:		
Cash	563,870	533,883
Restricted cash (Note 3)	566,654	405,802
	1,130,524	939,685

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196

Schedule of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2020

	Unrestricted Surplus	Equity in Enterprise Fund	Equity in Tangible Capital Assets	Equity in Trust Funds	Equity in Settlement Capital	2020 Total	2019 Total
	\$	\$	\$	\$	\$	\$	\$
Balance, Beginning of Year	744,669	171,000	2,553,113	11,358	28,187,436	31,667,576	30,983,384
Excess (Deficit) of revenue over expenses	(162,343)	-	-	-	-	(162,343)	(159,837)
Net investment income	(1,033)	-	-	1,033	(1,042,276)	(1,042,276)	1,844,029
Capital funds used for operation	-	-	-	-	(1,000,000)	(1,000,000)	(1,000,000)
Current years funds used for tangible capital assets	(21,000)	-	21,000	-	-	-	-
Annual amortization expense	112,883	-	(112,883)	-	-	-	-
Change in accumulated surplus	(71,493)	-	(91,883)	1,033	(2,042,276)	(2,204,619)	684,192
Balance, End of Year	673,176	171,000	2,461,230	12,391	26,145,160	29,462,957	31,667,576

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, 2020

	Automotive	Buildings & Infrastructure	Equipment	Land	2020	2019
	\$	\$	\$	\$	\$	\$
COST:						
Balance, Beginning of Year	480,356	2,823,915	240,069	391,772	3,936,112	3,880,594
Acquisition of tangible capital assets	-	21,000	-	-	21,000	55,518
Balance, End of Year	480,356	2,844,915	240,069	391,772	3,957,112	3,936,112
ACCUMULATED AMORTIZATION:						
Balance, Beginning of Year	373,381	801,729	207,889	-	1,382,999	1,270,564
Annual amortization	32,092	74,123	6,668	-	112,883	112,435
Balance, End of Year	405,473	875,852	214,557	-	1,495,882	1,382,999
NET BOOK VALUE	74,883	1,969,063	25,512	391,772	2,461,230	2,553,113

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196
Consolidated Statement of Financial Operations - Schedule 3
For the year ended March 31, 2020

	ISC Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit) Before Capital 2020	Capital Expenditures 2020	Surplus (Deficit) Before Capital 2019
		\$	\$	\$	\$	\$	\$
Administration	260,073	536,448	796,521	901,082	(104,561)	-	(95,119)
Akaiicho Territory Government							
Chipewyan Language Program	-	61,017	61,017	106,141	(45,124)	-	568
On the Land Wellness	-	-	-	-	-	-	(9,296)
Alberta Government	-	230,000	230,000	230,000	-	-	44,998
Annuity Valuations							
Specific Claim	30,500	-	30,500	30,500	-	-	-
Capacity/ Innovation	30,000	-	30,000	30,139	(139)	-	-
Capital Projects	177,000	51,130	228,130	255,858	(27,728)	-	(34,807)
CEAA - Teck Frontier	-	72,624	72,624	91,164	(18,540)	-	(63,328)
Chief and Council	-	242,560	242,560	215,593	26,967	-	26,987
Climate Change							
Preparedness North	214,060	-	214,060	82,983	131,077	-	-
Consultation	-	77,096	77,096	37,252	39,844	-	(17,725)
COVID-19	125,000	-	125,000	67,926	57,074	-	-
Des Nedhe' Trial Project	-	30,000	30,000	4,596	25,404	-	62,927
Economic Development	93,383	-	93,383	62,522	30,861	-	-
Education	94,671	164,160	258,831	332,561	(73,730)	-	(34,764)
Family Wellness	169,169	1,545	170,714	211,937	(41,223)	-	150,124
First Nation Development Fund	-	303,690	303,690	309,639	(5,949)	-	17,472
GNWT	-	42,117	42,117	25,948	16,169	-	-
Housing	-	5,826	5,826	27,388	(21,562)	-	(26,519)
Impact Assessment Act \$12K	-	-	-	5,763	(5,763)	-	-

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196

Consolidated Statement of Financial Operations - Schedule 3 - Continued

For the year ended March 31, 2020

	ISC Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit) Before Capital 2020	Capital Expenditures 2020	Surplus (Deficit) Before Capital 2019
		\$	\$	\$	\$	\$	\$
ISC 195K Reno	195,000	-	195,000	212,419	(17,419)	-	-
Lands Nature United	-	4,000	4,000	2,769	1,231	-	-
Membership	-	228,072	228,072	216,735	11,337	-	(28,879)
PID Funding	-	-	-	26,258	(26,258)	-	63,445
Public Works	186,252	8,742	194,994	198,083	(3,089)	-	(43,279)
Social Development	118,143	-	118,143	107,121	11,022	-	(60,205)
Suncor Base Mine	-	5,000	5,000	1,169	3,831	-	-
T8 TK Policy	-	-	-	13,193	(13,193)	-	-
	1,693,251	2,064,027	3,757,278	3,806,739	(49,461)	-	(47,400)

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, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
EXPENDITURES			
Administration	22,960	29,197	11,397
Bad debts (recovery)	-	54,014	-
Contract labour	-	55,136	118,025
Donations	7,500	14,918	8,702
Honorarium	109,500	108,075	183,510
Housing	502,000	251,002	168,187
Insurance	38,000	33,266	28,551
Interest, bank charges and loan payments	6,100	9,848	5,766
Meeting costs	33,000	73,174	39,342
Members needs	135,000	207,698	129,796
Office and supplies	145,064	194,636	122,352
Professional fees	248,500	597,359	654,442
Program expenses	602,700	71,341	50,638
Repairs and maintenance	185,504	431,609	1,681,302
Travel	160,965	196,332	223,081
Tuition, allowances, bursaries and training	216,328	315,690	297,293
Vehicle	5,500	42,651	33,782
Wages and employee benefits	787,831	1,120,793	1,036,975
TOTAL EXPENDITURES	3,206,452	3,806,739	4,793,141

The accompanying notes form part of these financial statements.

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2020

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

These consolidated financial statements of Smith's Landing First Nation #196 are the representations of management, prepared in accordance with 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 the 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 entity, which is 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) 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.

(c) 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 (Trust money invested).

(d) Net Financial Assets

The Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Nation is determined by its financial assets less liabilities.

Smith's Landing First Nation #196
Notes to the Consolidated Financial Statements
March 31, 2020

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

(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.

(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 in guaranteed investment certificate with a maturity date of twelve months from date of acquisition are recorded at cost and are classified as a current investment.

An investment in a guaranteed investment certificate with a maturity date of twelve months from date of acquisition is recorded at cost and is reinvested at the date of maturity for a another twelve months as required by the financial institution then this investment is a non current investment.

Investments with CIBC Wood Gundy are recorded at 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 recognized the loss.

Smith's Landing First Nation #196
Notes to the Consolidated Financial Statements
March 31, 2020

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

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 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.

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 charges to expenses as incurred.

(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, accounts receivables, investments and trust funds held by federal government.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed the original cost. The amount of the reversal is recognized in operations.

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2020

2. MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian Accounting Standards for Public Sector Accounting Board 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 financial statements and the reported amounts of revenues and expenses during the year.

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 the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

3. RESTRICTED CASH

	2020 \$	2019 \$
First Nation Development Fund (FNDF)	566,654	405,802

The FNDF grant funds can only be spent on approved expenditures by the Government of Alberta Indigenous Relations branch.

4. ACCOUNTS RECEIVABLE

	2020 \$	2019 \$
Akaiitcho Territory Government (ATG)	-	3,120
Indigenous Services Canada (ISC)	1,451	84,777
First Nation Development Fund (FNDF)	-	112,789
First Nations Consultation Capacity Investment Program (FNCCIP)	72,000	20,250
Members	157,657	102,495
Goods and Services Tax (GST)	21,301	11,777
Government of Northwest Territories	6,268	-
Other	95,706	102,542
	354,383	437,750
Less: Allowance for doubtful accounts	(126,660)	(72,646)
	227,723	365,104

5. INVESTMENT

The investment is a variable guaranteed investment certificate (GIC) with the Bank of Montreal (BMO). The term is for 1 year maturing January 2021 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.

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6. INVESTMENT IN FIRST NATION CONTROLLED ENTITY

	2020 \$	2019 \$
Smith's Landing Development Corporation		
Shares	10	10
Advances	189,847	189,847
Accumulated deficit in earnings	(18,857)	(18,857)
	171,000	71,000

Unaudited financial information for the above entity for its respective March 31, 2020 year ended is as follows:

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

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.

	2020 \$	2019 \$
Revenue Trust		
Balance, beginning of year	11,358	10,505
Earnings	1,033	853
Balance, end of year	12,391	11,358

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020 \$	2019 \$
Trade	348,472	286,635
Receiver General	1,286	-
Wages and Vacation	40,085	27,587
	389,843	314,222

9. DEFERRED REVENUE

	2020 \$	2019 \$
First Nation Development Fund	142,555	107,414
Land Acquisition	172,497	172,497
	315,052	279,911

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 land acquisition funds are in the the CIBC Settlement capital account.

10. INVESTMENTS

	2020 Market \$	2020 Cost \$	2019 Market \$	2019 Cost \$
CIBC Wood Gundy				
Cash and cash equivalents	2,077,574	2,077,572	2,271,852	2,271,852
Fixed income	10,057,842	9,784,933	9,770,397	9,530,208
Equities	14,009,745	11,724,741	16,145,187	11,625,740
	26,145,161	23,587,246	28,187,436	23,427,800

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 \$2,557,913 (2019 - \$4,759,637).

The change between the opening and closing unrealized gain/(loss) is (\$2,201,723) (2019 - \$803,462) and has been recorded to the equity in settlement capital funds.

The total management fees for the year were \$263,791: \$235,490 Wood Gundy Managers and \$28,300 CIBC Trust (2019 - \$253,176: \$225,960 Wood Gundy Managers and \$27,216 CIBC Trust), see note 13.

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11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
	\$	\$
Tangible capital assets (Schedule 2)	3,957,112	3,936,112
Accumulated amortization (Schedule 2)	(1,495,882)	(1,382,999)
	2,461,230	2,553,113

12. EQUITY IN ENTERPRISE FUND

	2020	2019
	\$	\$
Balance, beginning of year	171,000	-
Advances to (from) controlled entity	-	171,000
Balance, end of year	171,000	171,000

13. EQUITY IN SETTLEMENT CAPITAL FUND

	2020	2019
	\$	\$
Balance, beginning of year	28,187,436	27,343,407
Interest and dividends	701,220	697,024
Capital gains - realized	722,018	596,719
Change in opening and ending unrealized balance	(2,201,723)	803,462
Management fees	(263,791)	(253,176)
Transfer to general funds - operating revenue	(1,000,000)	(1,000,000)
Balance, end of year	26,145,160	28,187,436

14. ACCUMULATED SURPLUS

	2020	2019
	\$	\$
Unrestricted surplus	673,176	744,669
Equity in tangible capital assets	2,461,230	2,553,113
Equity in enterprise fund	171,000	171,000
Equity in trust funds	12,391	11,358
Equity in settlement capital fund	26,145,160	28,187,436
	29,462,957	31,667,576

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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 judgment 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.

16. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISK

The Nation's financial instruments consist of cash, restricted cash, accounts receivable, investments, trust funds held by federal government, accounts payable and accrued liabilities. 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.

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17. SIGNIFICANT EVENT

As of the date of the financial statements, there is a global outbreak of COVID-19 (coronavirus) which has had a significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as the Alberta Health Services regarding travel, isolation/quarantine orders, closure of municipal facilities, cancellation or postponement of programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of facility closures, program and service disruptions, and isolation/quarantine measures that are currently or maybe put in place by Canada and other countries to fight the virus.

The Nation is closely monitoring the recommendations from all levels of government and health authorities and implementing the required health measures to keep and maintain a safe and healthy environment for the employees in the work place and the community as a whole. The estimated financial impact of closing or minimizing programs provided by the Nation and providing health and safety measures to the employees and community members is not feasible at this time.

18. COMPARATIVE FIGURES

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

19. BUDGET FIGURES

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