

**Smith's Landing First Nation #196
Consolidated Financial Statements**

March 31, 2021

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 consolidated financial statements of **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 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.

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 it 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)

DOYLE & COMPANY

CHARTERED PROFESSIONAL
ACCOUNTANTS

Edward Cheung, CPA, CA*
Scott T. Mockford, CPA, CA*
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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 (the "Nation"), which comprise the statement of consolidated financial position as at March 31, 2021, and the consolidated 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, 2021, 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 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.

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 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.

INDEPENDENT AUDITOR'S REPORT - continued

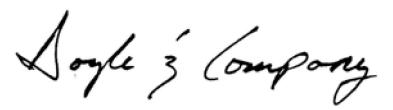
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

January 25, 2023
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1


Chartered Professional Accountants

Smith's Landing First Nation #196
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	1,019,886	563,870
Restricted cash (Note 3)	782,380	566,654
Accounts receivable (Note 4)	810,768	227,723
Investment (Note 5)	19,823	19,823
Investment in Nation controlled entities (Note 6)	171,000	171,000
Trust funds held by federal government (Note 7)	13,155	12,391
	2,817,012	1,561,461
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	509,463	389,843
Deferred revenue (Note 9)	1,833,038	315,052
	2,342,501	704,895
NET FINANCIAL ASSETS	474,511	856,566
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	2,463,104	2,461,230
Prepaid expenses	45,956	-
Investments (Note 10)	29,963,704	26,145,161
	32,472,764	28,606,391
ACCUMULATED SURPLUS (Schedule 1 and Note 14)	32,947,275	29,462,957

Contingent Liabilities - Note 15

Significant Event - Note 17

Approved by the First Nation:

<i>Original Signed by</i>	Chief	<i>Original Signed by</i>	Councilor
<i>Original Signed by</i>	Councilor	<i>Original Signed by</i>	Councilor
<i>Original Signed by</i>	Councilor		

Smith's Landing First Nation #196

Consolidated Statement of Operations

For the year ended March 31, 2021

	2021 Budget (Note 19)	2021 Actual	2020 Actual
	\$	\$	\$
REVENUE			
Indigenous Services Canada (ISC)	1,539,471	2,786,636	1,693,251
Akaitcho Territory Government	-	-	61,017
Alberta Government	-	110,000	230,000
First Nation Development Fund (FNDF)	130,000	215,798	338,834
Investment income	971,752	1,000,000	1,000,000
Other revenue	539,998	1,040,280	469,318
Revenue deferred from previous period	145,000	142,555	107,414
Revenue deferred to subsequent period	-	(1,660,540)	(142,555)
	3,326,221	3,634,729	3,757,279
EXPENDITURES			
Administration	640,515	738,882	901,082
Akaitcho Territory Government			
Chipewyan Language program	60,000	54,135	106,141
Alberta Government	110,000	117,668	230,000
Annuity Valuations Specific Claim	-	-	30,500
Canada Water Agency	-	8,150	-
Capacity/Innovation	80,000	80,000	30,139
Capital Projects	177,000	200,042	255,858
CEAA - Teck Frontier	-	-	91,164
Chief and Council	223,000	141,715	215,593
Climate Change Preparedness North	185,900	99,563	82,983
Consultation	46,750	39,359	37,252
COVID-19	73,471	213,848	67,926
DFO- Pilot Project	150,000	145,198	-
Des Nedhe' Trail Project	-	4,817	4,596
Economic Development	65,740	65,740	62,522
Education	243,480	270,796	332,561
Family Wellness	164,970	136,511	211,937
First Nation Development Fund	275,000	327,168	309,639
FNIHB - Baseline Health Study	-	4,352	-
Government of Northwest Territories	63,248	138,939	25,948
Housing	70,000	65,333	27,388
Impact Assessment Act	-	137,218	5,763
ISC 195K Reno	195,000	195,000	212,419
Lands Nature United	-	-	2,769
Membership	203,200	126,288	216,735
PID Funding	-	58,111	26,258
Public Works	186,252	367,713	198,083
Social Development	112,695	120,249	107,121
Suncor Base Mine	-	11,572	1,169
T8 TK Policy	-	-	13,193
	3,326,221	3,868,367	3,806,739
Excess (Deficiency) of Revenue Over Expenditures			
Before Other Expenditures	-	(233,638)	(49,460)
Other Expenditures			
Amortization	-	(101,352)	(112,883)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	(334,990)	(162,343)

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, 2021

	2021	2020
	\$	\$
EXCESS OF REVENUES OVER EXPENDITURES	(334,990)	(162,343)
Acquisition of tangible capital assets	(103,226)	(21,000)
Amortization of tangible capital assets	101,352	112,883
	(1,874)	91,883
Acquisition of prepaid assets	(45,956)	(24,781)
Increase in investments	765	-
Use of prepaid assets	-	39,214
	(45,191)	14,433
DECREASE IN NET ASSETS	(382,055)	(56,027)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	856,566	912,593
NET FINANCIAL ASSETS, END OF YEAR	474,511	856,566

Smith's Landing First Nation #196

Consolidated Statement of Cash Flows

For the year ended March 31, 2021

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	4,570,435	3,929,800
Cash paid to suppliers and employees	(3,794,703)	(3,716,684)
	775,732	213,116
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in investments	(764)	(1,277)
Purchase of tangible capital assets	(103,226)	(21,000)
	(103,990)	(22,277)
INCREASE (DECREASE) IN CASH DURING THE YEAR	671,742	190,839
CASH - Beginning of year	1,130,524	939,685
CASH - End of year	1,802,266	1,130,524
 Cash consists of:		
Cash	1,019,886	563,870
Restricted cash (Note 3)	782,380	566,654
	1,802,266	1,130,524

Smith's Landing First Nation #196

Schedule of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2021

	Unrestricted Surplus	Equity in Enterprise Fund	Equity in Tangible Capital Assets	Equity in Trust Funds	Equity in Settlement Capital	2021 Total	2020 Total
	\$	\$	\$	\$	\$	\$	\$
Balance, Beginning of Year	673,176	171,000	2,461,230	12,391	26,145,160	29,462,957	31,667,576
Excess (Deficiency) of revenue over expenses	(334,990)	-	-	-	-	(334,990)	(162,343)
Net investment income	-	-	-	-	764	4,818,544	4,819,308
Capital funds used for operation	-	-	-	-	(1,000,000)	(1,000,000)	(1,042,276)
Current years funds used for tangible capital assets	(103,226)	-	103,226	-	-	-	(1,000,000)
Annual amortization expense	101,352	-	(101,352)	-	-	-	-
Change in accumulated surplus	(336,864)	-	1,874	764	3,818,544	3,484,318	(2,204,619)
Balance, End of Year	336,312	171,000	2,463,104	13,155	29,963,704	32,947,275	29,462,957

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, 2021

	Automotive	Buildings & Infrastructure	Equipment	Land	2021	2020
	\$	\$	\$	\$	\$	\$
COST:						
Balance, Beginning of Year	480,356	2,844,915	240,069	391,772	3,957,112	3,936,112
Acquisition of tangible capital assets	-	103,226	-	-	103,226	21,000
Balance, End of Year	480,356	2,948,141	240,069	391,772	4,060,338	3,957,112
ACCUMULATED AMORTIZATION:						
Balance, Beginning of Year	405,473	875,852	214,557	-	1,495,882	1,382,999
Annual amortization	22,465	73,642	5,245	-	101,352	112,883
Balance, End of Year	427,938	949,494	219,802	-	1,597,234	1,495,882
NET BOOK VALUE	52,418	1,998,647	20,267	391,772	2,463,104	2,461,230
2020 NET BOOK VALUE	74,883	1,969,063	25,512	391,772	2,461,230	

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, 2021

	ISC Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit) Before Other Items	Other Items	Surplus (Deficit) Before Capital 2020
	\$	\$	\$	\$	\$	\$	\$
Administration	309,690	381,402	691,092	738,882	(47,790)	(26,606)	(109,561)
Akaitcho Territory Government	-	700	700	54,135	(53,435)	53,435	(45,124)
Chipewyan Language Program	-	112,925	112,925	117,668	(4,743)	-	-
Alberta Government	-	-	-	-	-	-	-
Annuity Valuations	-	-	-	-	-	-	-
Specific Claim	-	-	-	-	-	-	-
Canada Water Agency	80,000	42,734	80,000	8,150	(8,150)	-	-
Capacity/ Innovation	177,000	-	219,734	200,042	19,692	(20,000)	(139)
Capital Projects	-	-	-	-	-	-	(27,728)
CEAA - Teck Frontier	-	-	-	-	-	-	(18,540)
Chief and Council	-	223,000	223,000	141,715	81,285	(81,285)	26,967
Climate Change	-	-	-	-	-	-	-
Preparedness North	185,900	(86,337)	99,563	99,563	-	-	-
Consultation	36,000	36,910	72,910	39,359	33,551	(33,551)	39,844
COVID-19	700,046	(482,622)	217,424	213,848	3,576	-	62,074
DFO - Pilot Project	-	145,198	145,198	145,198	-	-	-
Des Nedhe' Trial Project	-	-	-	4,817	(4,817)	-	-
Economic Development	65,740	-	65,740	65,740	-	-	25,404
Education	127,625	170,000	297,625	270,796	26,829	(26,829)	30,861
Family Wellness	172,546	(36,035)	136,511	136,511	-	-	(73,730)
First Nation Development Fund	-	220,379	220,379	327,168	(106,789)	(49,675)	(41,223)
FNIHB Baseline Health Study	-	4,352	4,352	4,352	-	-	(5,949)
GNWT	-	105,363	105,363	138,939	(33,576)	28,282	16,169
Housing	-	14,400	14,400	65,333	(50,933)	50,224	(21,562)
Impact Assessment Act	-	125,283	125,283	137,218	(11,935)	-	(5,763)
ISC 195K Reno	195,000	-	195,000	195,000	-	-	(17,419)
Lands Nature United	-	-	-	-	-	-	1,231
Membership	-	205,200	205,200	126,288	78,912	(78,506)	11,337
PID Funding	-	-	-	58,111	(58,111)	-	(26,258)
Public Works	513,217	(236,136)	277,081	367,713	(90,632)	81,285	(3,089)
Social Development	223,872	(103,623)	120,249	120,249	-	-	11,022
Suncor Base Mine	-	5,000	5,000	11,572	(6,572)	-	3,831
T8 TK Policy	-	-	-	-	-	-	(13,193)
	2,786,636	848,093	3,634,729	3,868,367	(233,638)	(103,226)	(49,461)

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, 2021

	2021 Budget \$	2021 Actual \$	2020 Actual \$
EXPENDITURES			
Administration	39,454	34,664	29,197
Bad debts (recovery)	-	45,927	54,014
Contract labour	75,000	164,853	55,136
Donations	7,500	3,350	14,918
Equipment purchase	40,000	-	-
Honorarium	97,200	127,699	108,075
Housing	357,000	357,631	251,002
Insurance	25,000	30,478	33,266
Interest, bank charges and loan payments	6,000	7,569	9,848
Meeting costs	8,000	44,160	73,174
Members needs	244,671	295,907	207,698
Office and supplies	102,691	110,334	194,636
Professional fees	532,625	538,980	597,359
Program expenses	34,495	9,078	71,341
Repairs and maintenance	229,852	408,449	431,609
Travel	137,400	9,179	196,332
Tuition, allowances, bursaries and training	308,574	314,673	315,690
Vehicle	5,500	40,075	42,651
Wages and employee benefits	1,075,259	1,325,361	1,120,793
TOTAL EXPENDITURES	3,326,221	3,868,367	3,806,739

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2021

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, 2021

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.

First Nation trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust fund accounts, or are receivable or accrued at year-end, which have been authorized by Indigenous and Northern Affairs Canada (ISC) and were approved by a band council resolution (BCR).

(h) Cash

Cash 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.

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, 2021

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, 2021

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

	2021	2020
	\$	\$
First Nation Development Fund (FNDF)	782,380	566,654

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

4. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Alberta Government	83,000	-
Alberta Environment and Parks	78,000	-
Indigenous Services Canada (ISC)	11,933	1,451
First Nations Consultation Capacity Investment Program (FNCCIP)	-	72,000
Members	164,180	157,657
Goods and Services Tax (GST)	41,560	21,301
Government of Northwest Territories	21,705	6,268
<u>Other</u>	<u>582,977</u>	<u>95,706</u>
	983,355	354,383
Less: Allowance for doubtful accounts	(172,587)	(126,660)
	810,768	227,723

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 2022 at an interest rate of prime minus 2.40%. 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

	2021	2020
	\$	\$
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, 2021 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.

	2021	2020
	\$	\$
Revenue Trust		
Balance, beginning of year	12,391	11,358
Earnings	764	1,033
Balance, end of year	13,155	12,391

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021 \$	2020 \$
Trade	435,006	348,472
Receiver General	-	1,286
Wages and Vacation	74,457	40,085
	509,463	389,843

9. DEFERRED REVENUE

	2021 \$	2020 \$
Alberta Government Grants	80,075	-
Capital Projects		
Planning design & construction - (Q38L-001)	8,488	-
Capital planning project - infrastructure - (Q3B2-001)	7,026	-
Climate Change Preparedness North		
Projects and capacity - (QZJ0-001)	86,337	-
Consultation		
IR consultation - (QZ87-002)	9,590	-
COVID-19		
Covid-19 LEDSP - (Q3QP-001)	41,731	-
ICSF3 Envelope 2 - (Q3T4-002)	380,430	-
Response - (Q3FP-001)	65,461	-
DFO - Pilot Project	4,802	-
Family Wellness		
Community Based Initiatives - (Q2BW)	37,913	-
First Nation Development Fund	137,973	142,555
FNIHB Baseline Health Study	244,548	-
Membership	208,186	-
Public Works		
Community buildings - (Q3B0-001 & 002, Q3BK-001)	58,155	-
Firesmart - (Q3FS-001)	86,203	-
Operations & maintenance - (Q3OG-001)	100,000	-
Social Development		
Service delivery - (Q2BH-001)	15,381	-
Service delivery - (Q2AF-001 & 002)	88,242	-
Land Acquisition	172,497	172,497
	1,833,038	315,052

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10. INVESTMENTS

	2021 Market \$	2021 Cost \$	2020 Market \$	2020 Cost \$
CIBC Wood Gundy				
Cash and cash equivalents	2,957,465	2,958,172	2,077,574	2,077,572
Fixed income	9,138,677	9,296,976	10,057,842	9,784,933
Equities	17,867,562	11,979,831	14,009,745	11,724,741
	29,963,704	24,234,979	26,145,161	23,587,246

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 \$6,229,432 (2020 - \$2,557,913).

The change between the opening and closing unrealized gain/(loss) is \$3,671,520 (2020 - (\$2,201,723)) and has been recorded to the equity in settlement capital funds.

The total management fees for the year were \$270,503: \$241,288 Wood Gundy Managers and \$29,215 CIBC Trust (2020 - \$263,791: \$235,490 Wood Gundy Managers and \$28,300 CIBC Trust), see note 13.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021 \$	2020 \$
Tangible capital assets (Schedule 2)	4,060,338	3,957,112
Accumulated amortization (Schedule 2)	(1,597,234)	(1,495,882)
	2,463,104	2,461,230

12. EQUITY IN ENTERPRISE FUND

	2021 \$	2020 \$
Balance, beginning of year	171,000	171,000
Advances to (from) controlled entity	-	-
Earnings (loss) from controlled entity	-	-
Balance, end of year	171,000	171,000

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13. EQUITY IN SETTLEMENT CAPITAL FUND

	2021	2020
	\$	\$
Balance, beginning of year	26,145,160	28,187,436
Interest and dividends	614,430	701,220
Capital gains - realized	803,098	722,018
Change in opening and ending unrealized balance	3,671,519	(2,201,723)
Management fees	(270,503)	(263,791)
Transfer to general funds - operating revenue	(500,000)	(1,000,000)
To be transferred to general funds - operating revenue	(500,000)	-
Balance, end of year	29,963,704	26,145,160

14. ACCUMULATED SURPLUS

	2021	2020
	\$	\$
Unrestricted surplus	336,312	673,176
Equity in tangible capital assets	2,463,104	2,461,230
Equity in enterprise fund	171,000	171,000
Equity in trust funds	13,155	12,391
Equity in settlement capital fund	29,963,704	26,145,160
	32,947,275	29,462,957

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.

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16. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISK - continued

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. 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 measurers 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 safely 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.