

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

March 31, 2022

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 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, independent external auditors appointed by Chief and Council, 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)

Edward Cheung, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
*Operates as a Professional Corporation

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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, 2022, 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, 2022, 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 consolidated 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.

June 19, 2024
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1

The logo for Doyle & Company, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants

Smith's Landing First Nation #196
Consolidated Statement of Financial Position
As at March 31, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	1,768,482	1,019,886
Restricted cash (Note 3)	630,392	782,380
Accounts receivable (Note 4)	1,385,643	810,768
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)	14,048	13,155
	3,989,388	2,817,012
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	496,901	509,463
Deferred revenue (Note 9)	3,219,050	1,833,038
	3,715,951	2,342,501
NET FINANCIAL ASSETS	273,437	474,511
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	3,124,024	2,463,104
Prepaid expenses	30,791	45,956
Investments (Note 10)	30,908,642	29,963,704
	34,063,457	32,472,764
ACCUMULATED SURPLUS (Schedule 1 and Note 14)	34,336,894	32,947,275

Contingent Liabilities - Note 15

Approved by the First Nation:

<i>Original Signed By</i>	Chief	<i>Original Signed By</i>	Councilor
<hr/>		<hr/>	
<i>Original Signed By</i>	Councilor	<hr/>	Councilor
<hr/>		<hr/>	
<i>Original Signed By</i>	Councilor		
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Smith's Landing First Nation #196

Consolidated Statement of Operations

For the year ended March 31, 2022

	2022 Budget (Note 18)	2022 Actual	2021 Actual
	\$	\$	\$
REVENUE			
Indigenous Services Canada (ISC)	2,282,425	4,270,834	2,786,636
Akaitcho Territory Government	-	116,209	-
Alberta Government	617,665	484,182	110,000
First Nation Development Fund (FNDF)	235,000	358,485	215,798
Government of Canada	150,000	264,965	-
Investment income	957,181	1,000,000	1,000,000
Other revenue	757,788	1,429,820	1,040,280
Revenue deferred from previous period	539,760	1,660,540	142,555
Revenue deferred to subsequent period	-	(3,046,552)	(1,660,540)
	5,539,819	6,538,483	3,634,729
EXPENDITURES			
Administration	617,221	898,776	738,882
Akaitcho Territory Government - Chipewyan Language program	60,000	61,114	54,135
Alberta Government	557,665	404,159	117,668
Canada Water Agency	-	-	8,150
Capacity/Innovation	-	-	80,000
Capital Projects	892,000	931,645	200,042
Chief and Council	223,000	142,622	141,715
Climate Change Preparedness North	185,900	50,180	99,563
Consultation	-	232,680	39,359
COVID-19	444,760	449,732	213,848
DFO-Pilot Project	150,000	253,999	145,198
Des Nedhe' Trail Project	20,702	852	4,817
Economic Development	65,740	57,737	65,740
Education	189,577	387,646	270,796
Family Wellness	210,266	190,079	136,511
First Nation Development Fund	250,916	255,527	327,168
FNIHB - Baseline Health Study	248,900	64,580	4,352
Government of Northwest Territories	-	252,350	138,939
Housing	-	73,784	65,333
Impact Assessment Act	-	1,625	137,218
ISC 195K Reno	-	-	195,000
Indigenous Skills & Employment - CRF/EI	150,000	118,552	-
Membership	203,200	161,834	126,288
NIB Funding	-	80,722	-
PID Funding	-	2,233	58,111
Pine Point	117,106	104,832	-
Public Works	829,585	618,179	367,713
Social Development	123,281	130,979	120,249
Suncor Base Mine	-	10,118	11,572
T8 TK Policy	-	25,963	-
	5,539,819	5,962,499	3,868,367
Excess (Deficiency) of Revenue Over Expenditures Before Other Expenditures	-	575,984	(233,638)
Other Expenditures			
Amortization	-	(132,150)	(101,352)
Gain (Loss) on disposition of assets	-	(46)	-
	-	(132,196)	(101,352)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	443,788	(334,990)

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, 2022

	2022	2021
	\$	\$
EXCESS OF REVENUES OVER EXPENDITURES	443,788	(334,990)
Acquisition of tangible capital assets	(793,116)	(103,226)
Amortization of tangible capital assets	132,150	101,352
(Gain) Loss on disposal of capital assets	46	-
	(660,920)	(1,874)
Acquisition of prepaid assets	(30,791)	(45,956)
Increase in investments	893	765
Use of prepaid assets	45,956	-
	16,058	(45,191)
DECREASE IN NET ASSETS	(201,074)	(382,055)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	474,511	856,566
NET FINANCIAL ASSETS, END OF YEAR	273,437	474,511

Smith's Landing First Nation #196

Consolidated Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	7,350,513	4,570,435
Cash paid to suppliers and employees	(5,959,896)	(3,794,703)
	1,390,617	775,732
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in investments	(893)	(764)
Purchase of tangible capital assets	(793,116)	(103,226)
	(794,009)	(103,990)
INCREASE (DECREASE) IN CASH DURING THE YEAR	596,608	671,742
CASH - Beginning of year	1,802,266	1,130,524
CASH - End of year	2,398,874	1,802,266
 Cash consists of:		
Cash	1,768,482	1,019,886
Restricted cash (Note 3)	630,392	782,380
	2,398,874	1,802,266

Smith's Landing First Nation #196
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2022

	Unrestricted Surplus \$	Equity in Enterprise Fund \$	Equity in Tangible Capital Assets \$	Equity in Trust Funds \$	Equity in Settlement Capital \$	2022 Total \$	2021 Total \$
Balance, Beginning of Year	336,312	171,000	2,463,104	13,155	29,963,704	32,947,275	29,462,957
Excess (Deficiency) of revenue over expenses	443,788	-	-	-	-	443,788	(334,990)
Net investment income	-	-	-	893	1,944,938	1,945,831	4,819,308
Capital funds used for operation	-	-	-	-	(1,000,000)	(1,000,000)	(1,000,000)
Current years funds used for tangible capital assets	(793,116)	-	793,116	-	-	-	-
Disposal of tangible capital asset	3,850	-	(3,850)	-	-	-	-
Annual amortization expense	132,150	-	(132,150)	-	-	-	-
Amortization on disposal of asset	(3,804)	-	3,804	-	-	-	-
Change in accumulated surplus	(217,132)	-	660,920	893	944,938	1,389,619	3,484,318
Balance, End of Year	119,180	171,000	3,124,024	14,048	30,908,642	34,336,894	32,947,275

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, 2022

	Automotive	Buildings & Infrastructure	Equipment	Land	2022	2021
	\$	\$	\$	\$	\$	\$
COST:						
Balance, Beginning of Year	480,356	2,948,141	240,069	391,772	4,060,338	3,957,112
Acquisition of tangible capital assets	163,064	598,992	31,060	-	793,116	103,226
Disposal of tangible capital assets	-	-	(3,850)	-	(3,850)	-
Balance, End of Year	643,420	3,547,133	267,279	391,772	4,849,604	4,060,338
ACCUMULATED AMORTIZATION:						
Balance, Beginning of Year	427,938	949,494	219,802	-	1,597,234	1,495,882
Annual amortization	40,185	84,740	7,225	-	132,150	101,352
Accumulated amortization on disposals	-	-	(3,804)	-	(3,804)	-
Balance, End of Year	468,123	1,034,234	223,223	-	1,725,580	1,597,234
NET BOOK VALUE	175,297	2,512,899	44,056	391,772	3,124,024	2,463,104
2021 NET BOOK VALUE	52,418	1,998,647	20,267	391,772	2,463,104	

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, 2022

	ISC Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit) Before Other Items	Other	Surplus (Deficit) Before Other Items
						2022	2022
						\$	\$
Administration	401,485	494,372	895,857	898,776	(2,919)	(142,180)	(47,790)
Akaitcho Territory Government							
Chipewyan Language Program	-	61,114	61,114	61,114	-	-	(53,435)
Alberta Government	-	403,996	403,996	404,159	(163)	-	(4,743)
Canada Water Agency	-	-	-	-	-	-	(8,150)
Capacity/ Innovation	30,000	(30,000)	-	-	-	-	-
Capital Projects	1,122,000	(183,330)	938,670	931,645	7,025	-	19,692
Chief and Council	-	142,622	142,622	142,622	-	-	81,285
Climate Change							
Preparedness North	-	50,180	50,180	50,180	-	-	-
Consultation	1,000,000	(804,617)	195,383	232,680	(37,297)	-	33,551
COVID-19	427,740	43,022	470,762	449,732	21,030	(21,030)	3,576
DFO - Pilot Project	-	253,999	253,999	253,999	-	-	-
Des Nedhe' Trial Project	-	852	852	852	-	-	(4,817)
Economic Development	65,740	(8,003)	57,737	57,737	-	-	-
Education	180,639	161,292	341,931	387,646	(45,715)	-	26,829
Family Wellness	327,646	(137,567)	190,079	190,079	-	-	-
First Nation Development Fund	-	288,782	288,782	255,527	33,255	(47,624)	(106,789)
FNIHB Baseline Health Study	-	64,580	64,580	64,580	-	-	-
GNWT	-	234,996	234,996	252,350	(17,354)	-	(33,576)
Housing	-	73,784	73,784	73,784	-	-	(50,933)
Impact Assessment Act	-	1,625	1,625	1,625	-	-	(11,935)
ISC 195K Reno	-	-	-	-	-	-	-
ISET - CRF/EI	-	118,552	118,552	118,552	-	-	-
Membership	-	161,834	161,834	161,834	-	-	78,912
NIB Funding	-	80,722	80,722	80,722	-	-	-
PID Funding	-	2,233	2,233	2,233	-	-	(58,111)
Pine Point	117,106	(12,274)	104,832	104,832	-	-	-
Public Works	373,965	862,336	1,236,301	618,179	618,122	(714,432)	(90,632)
Social Development	156,341	(25,362)	130,979	130,979	-	-	-
Suncor Base Mine	-	10,118	10,118	10,118	-	-	(6,572)
T8 TK Policy	68,172	(42,209)	25,963	25,963	-	-	-
	4,270,834	2,267,649	6,538,483	5,962,499	575,984	(925,266)	(233,638)

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, 2022

	2022 Budget \$	2022 Actual \$	2021 Actual \$
EXPENDITURES			
Administration	82,826	87,264	34,664
Bad debts (recovery)	-	5,377	45,927
Contract labour	796,399	264,183	164,853
Donations	5,000	2,812	3,350
Honorarium	248,900	175,794	127,699
Housing	515,916	850,514	357,631
Insurance	21,000	30,527	30,478
Interest, bank charges and loan payments	5,000	10,856	7,569
Meeting costs	33,000	63,708	44,160
Members needs	512,272	485,425	295,907
Office and supplies	260,550	214,479	110,334
Professional fees	737,250	1,063,708	538,980
Program expenses	88,647	41,569	9,078
Repairs and maintenance	345,016	412,854	408,449
Travel	130,650	38,984	9,179
Tuition, allowances, bursaries and training	262,577	424,412	314,673
Vehicle	5,500	106,282	40,075
Wages and employee benefits	1,489,316	1,683,751	1,325,361
TOTAL EXPENDITURES	5,539,819	5,962,499	3,868,367

Smith's Landing First Nation #196

Notes to the Consolidated Financial Statements

March 31, 2022

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, 2022

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, 2022

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, 2022

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

	2022	2021
	\$	\$
First Nation Development Fund (FNDF)	630,392	782,380

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

4. ACCOUNTS RECEIVABLE

	2022	2021
	\$	\$
Alberta Government	260,063	83,000
Alberta Environment and Parks	185,793	78,000
Indigenous Services Canada (ISC)	22,744	11,933
Government of Canada	157,827	-
Members	166,033	164,180
Goods and Services Tax (GST)	65,972	41,560
Government of Northwest Territories	146,147	21,705
<u>Other</u>	<u>595,506</u>	<u>582,977</u>
	1,600,085	983,355
Less: Allowance for doubtful accounts	(214,442)	(172,587)
	1,385,643	810,768

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 2023 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

	2022 \$	2021 \$
Smith's Landing Development Corporation		
Shares	10	10
Advances	189,847	189,847
Accumulated deficit in earnings	(18,857)	(18,857)
	171,000	171,000

Unaudited financial information for the above entity for its respective March 31, 2022 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.

	2022 \$	2021 \$
Revenue Trust		
Balance, beginning of year	13,155	12,391
Earnings	893	764
Balance, end of year	14,048	13,155

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022 \$	2021 \$
Trade	418,417	435,006
Wages and Vacation	78,484	74,457
	496,901	509,463

9. DEFERRED REVENUE

	2022 \$	2021 \$
Administration		
ICSF - DIR ALL EMAP (Q3V9-001)	47,202	-
Akaithcho Territory Government	105,095	-
Alberta Government Grants	119,325	80,075
ISC - Capacity/Innovation		
Capacity/Innovation (Q3AD-001, Q3AD-002)	30,000	-
Capital Projects		
Construction (Q3XJ-001)	208,794	-
Lot servicing (Q3XL-001)	90,000	-
Planning design & construction (Q38L-001)	-	8,488
Capital planning project - infrastructure (Q3B2-001)	-	7,026
Climate Change Preparedness North		
Projects and capacity (QZJ0-001)	36,157	86,337
Consultation		
Housing subdivisions (Q3XO-001)	1,000,000	9,590
COVID-19		
Covid-19 OSR Community service (Q3TO-001)	74,173	-
Covid-19 LEDSP (Q3QP-001)	-	41,731
ICSF3 Envelope 2 (Q3T4-002)	370,427	380,430
Response (Q3FP-001)	-	65,461
DFO - Pilot Project	803	4,802
Economic Development		
CED - Non block/core allocation (Q3IW-001)	8,003	-
Education		
Post secondary student supp prog (Q29A-001 & 002)	3,736	-
Family Wellness		
Community Based Initiatives Current (Q3KQ-001)	174,421	37,913
Community Based Initiatives Retro (Q3KR-001)	1,059	-
First Nation Development Fund	207,676	137,973
FNIHB Baseline Health Study	182,968	244,548
GNWT - Environment and Natural Resources	48,375	-
Indigenous Skills & Employment Training (ISET)		
CRF funding	11,839	-
EI funding	13,032	-
Pine Point		
North participant funding (QZP0-001)	12,274	-

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9. DEFERRED REVENUE

	2022	2021
	\$	\$
Public Works		
Community buildings (Q3B0-001 & 002, Q3BK-001)	-	58,155
O&M community assets (Q3WI-001)	20,000	86,203
Operations & maintenance (Q3OG-001)	100,000	100,000
Regional Municipality of Wood Buffalo	10,000	-
Other revenue	-	208,186
Social Development		
Basic needs (Q29W-002 & 003)	41,257	-
Service delivery (Q2BH-001)	-	15,381
Service delivery (Q2AF-001 & 002)	87,728	88,242
T8 TK Policy		
Discussion tables (QZP0-001)	42,209	-
Land Acquisition	172,497	172,497
	3,219,050	1,833,038

10. INVESTMENTS

	2022	2022	2021	2021
	Market	Cost	Market	Cost
	\$	\$	\$	\$
CIBC Wood Gundy				
Cash and cash equivalents	3,118,160	3,118,158	2,957,465	2,958,172
Fixed income	9,349,175	9,521,988	9,138,677	9,296,976
Equities	18,441,307	12,064,026	17,867,562	11,979,831
	30,908,642	24,704,172	29,963,704	24,234,979

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 \$6,687,792 (2021 - \$6,229,432).

The change between the opening and closing unrealized gain/(loss) is \$458,360 (2021 - \$3,671,520) and has been recorded to the equity in settlement capital funds.

The total management fees for the year were \$311,344: \$282,301 Wood Gundy Managers and \$29,043 CIBC Trust (2021 - \$270,503: \$241,288 Wood Gundy Managers and \$29,215 CIBC Trust), see note 13.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
	\$	\$
Tangible capital assets (Schedule 2)	4,849,604	4,060,338
Accumulated amortization (Schedule 2)	(1,725,580)	(1,597,234)
	3,124,024	2,463,104

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12. EQUITY IN ENTERPRISE FUND

	2022	2021
	\$	\$
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

13. EQUITY IN SETTLEMENT CAPITAL FUND

	2022	2021
	\$	\$
Balance, beginning of year	29,963,704	26,145,160
Interest and dividends	614,005	614,430
Capital gains - realized	1,183,917	803,098
Change in opening and ending unrealized balance	458,360	3,671,519
Management fees	(311,344)	(270,503)
Transfer to general funds - operating revenue	(1,000,000)	(500,000)
To be transferred to general funds - operating revenue	-	(500,000)
Balance, end of year	30,908,642	29,963,704

14. ACCUMULATED SURPLUS

	2022	2021
	\$	\$
Unrestricted surplus	119,180	336,312
Equity in tangible capital assets	3,124,024	2,463,104
Equity in enterprise fund	171,000	171,000
Equity in trust funds	14,048	13,155
Equity in settlement capital fund	30,908,642	29,963,704
	34,336,894	32,947,275

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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.

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.