

**Kebaowek First Nation**  
**Consolidated financial statements**  
*March 31, 2023*

# Kebaowek First Nation

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Year ended March 31, 2023

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## **Management's Statement of Responsibility**

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The consolidated financial statements of the Kebaowek First Nation as of March 31, 2023, are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with the Canadian public sector accounting standards ("PSAS") and, as such, include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meet periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditor, MNP LLP, conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the financial statements. The external auditor has full and free access to financial management of Kebaowek First Nation and meets when required.

On behalf of Kebaowek First Nation:

  
Signature and title  
for Kebaowek First Nation

## Independent Auditor's Report

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To the Chief and Council of  
Kebaowek First Nation

### Qualified Opinion

We have audited the consolidated financial statements of Kebaowek First Nation (the "Organization"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, cumulative operating surplus, net investment in capital assets and changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, except for the implications of the situations described in section «Basis for Qualified Opinion», the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Qualified Opinion

We were not able to observe the counting of the physical inventories of a controlled entity (Mitikon L.P.) as of March 31, 2021 or satisfy ourselves concerning those inventories quantities by alternative means. Since opening inventories affect the determination of the controlled entity's results of operations, we were unable to determine whether adjustments to the deficit in controlled entities, the surplus for the year, changes in net financial assets and cash flows of the Organization might be necessary for the year ended March 31, 2022, and to the accumulated surplus as of April 1, 2021. Our audit opinion of the consolidated financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effect of this limitation in scope. As a result, our opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability of the current period's figures and the comparative information.

The Organization did not consolidate the financial information of certain governmental units (Kebaowek Land Management inc, Kitika Nijwaswi L.P and Amik Nikewin Development inc). As mentioned on Note 2, the investments in those controlled entities has been accounted for by the modified equity method, which is a derogation to the PSAS. According to the PSAS, those controlled entities should have been considered as government units and to be consolidated on the consolidated financial statements because it does not answer all the characteristics of government businesses enterprises. Had those controlled entities been consolidated, many elements in the consolidated financial statements would have been affected. The effects of the non-consolidation on the years ended March 31, 2023 and 2022 have not been determined, but the Organization has provided information in note 4. Our audit opinion on the consolidated financial statements for the year ended March 31, 2022 was modified because of the effects of this departure from Canadian public sector accounting standards.

In addition, in connection with the April 1, 2022 application of CPA Canada Public Sector Accounting Handbook Section PS 3280, "Asset Retirement Obligations", the Organization did not identify and measure its liabilities for asset retirement obligations as at April 1, 2022 and March 31, 2023, which constitutes a departure from Canadian public sector accounting standards. The First Nation should have identified the assets or components at risk of an asset retirement obligation liability, estimated and recorded the amount of this liability, and provided disclosures about the obligations. Since the identification, estimation, recognition and disclosure of the obligations have been performed, we were unable to determine whether any adjustments might be required to the capital assets, liabilities for asset retirement obligations as at March 31, 2023, consolidated surplus for the year and consolidated cash flows from operating activities, as well as to the change in net consolidated financial assets and disclosures of the obligations for the year ended March 31, 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified opinion.

#### **Emphasis of Matter**

We draw attention to the fact that the Organization includes, in its consolidated financial statements, certain financial information that is not required by the PSAS. This information, prepared in accordance with the requirements of Indigenous Services Canada ("ISC"), addresses the conciliation to ISC financial reporting requirements on page 2 and schedules on pages 27 to 248. The Organization also choose to present a consolidated statement of cumulative operating surplus on page 3, a consolidated statement of net investment in capital assets on page 4. We also draw attention to the fact that no budget are presented. Our qualified opinion is not modified in respect of these matters.

#### **Other Matter - Restriction on Use**

These special purpose consolidated financial statements have been prepared to assist the Organization to comply with the Financial Reporting Requirements in the Indigenous Services Canada Financial Reporting Guide. Our report is intended solely for the Organization and Indigenous Services Canada and should not be used by parties other than the Organization and Indigenous Services Canada.

#### **Other Matter**

The Organization has prepared a set of consolidated financial statements for general purpose for the year ended March 31, 2023 in accordance with PSAS on which we issued an auditor's report dated December 15, 2023.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

#### **Auditor's Responsibilities 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 GAAS 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 consolidated financial statements.



As part of an audit in accordance with Canadian GAAS, 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 qualified 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*MNP*<sup>1</sup> *LLP*

Amos, Quebec  
December 15, 2023

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<sup>1</sup> CPA auditor, public accountancy permit No. A129278

**Kebaowek First Nation**  
**Consolidated statement of operations**  
*Year ended March 31, 2023*

	2023	2022
<b>Revenues</b>		
Sales	3,245,138	2,708,002
Indigenous Services Canada (ISC) - Flexible Contribution	4,408,376	7,209,858
Indigenous Services Canada (ISC) - Fixed Contribution	11,576,864	3,411,112
Indigenous Services Canada (ISC) - Set Contribution	498,000	447,500
Indigenous Services Canada (ISC) - Block Contribution	5,057,739	4,854,398
Administration fees	899,782	980,696
Canada Mortgage and Housing Corporation (CMHC)	270,083	154,280
Federal contribution - other	11,784,386	1,137,128
First Nations Education Council (FNEC)	73,521	289,095
First Nations of Quebec and Labrador Health and Social Services Commission (FNQLHSSC)	146,798	125,650
Government of Quebec	198,081	200,480
First Nations Human Resources Development Commission of Quebec (FNHRDCQ)	369,787	499,949
Interest	76,361	15,516
Land management	105,000	100,000
Ministère des Forêts, de la Faune et des Parcs	-	225,500
Native Commercial Credit Corporation (SOCCA)	-	15,281
Refundable surplus to ISC	(40,251)	(105,577)
Provincial and federal police	6,313,775	8,187
Recreation revenues	32,072	43,005
Rent revenues	344,428	358,058
Review letter	(6,665)	(15,692)
Secrétariat aux Relations avec les Premières Nations et les Inuit	273,047	735,517
Special activities revenues	122,263	26,532
Other revenues	1,063,205	473,239
Withdrawal from replacement reserve	15,441	-
ISC - Unexpended contribution from previous year	11,792,112	4,235,320
ISC - Unexpended contribution to following year	(22,213,224)	(11,792,112)
Deferred revenue from previous year	2,158,782	2,794,844
Deferred revenue to following year	(16,785,332)	(2,158,782)
	<b>21,779,569</b>	<b>16,976,984</b>

**Kebaowek First Nation**  
**Consolidated statement of operations**  
*Year ended March 31, 2023*

	2023	2022
<b>Expenses (Note 19)</b>		
Administration and band government	1,210,069	1,469,958
Human resources development	158,283	201,727
Social assistance	562,425	381,413
Education	1,566,488	1,624,749
Health	3,536,247	2,948,870
Public works	1,951,734	1,706,529
Police security	1,027,089	612,085
Fire protection	100,375	76,895
Housing	1,764,828	856,271
Economic development	4,204,026	3,271,154
Natural resources, recreation and cultural	1,790,120	1,506,926
	<b>17,871,684</b>	<b>14,656,577</b>
<b>Surplus for the year before net deficit in controlled entities</b>	<b>3,907,885</b>	<b>2,320,407</b>
Deficit in controlled entities	<b>(303,019)</b>	<b>(1,577,472)</b>
<b>Surplus for the year</b>	<b>3,604,866</b>	<b>742,935</b>
<b>Conciliation to ISC financial reporting requirements</b>		
Surplus for the year	3,604,866	742,935
Proceeds from long-term debt	-	1,167,162
Reimbursement of long-term debt	(327,607)	(216,689)
Acquisition of capital assets	(4,676,260)	(4,245,695)
<b>Deficit under ISC financial reporting requirements<sup>(1)</sup></b>	<b>(1,399,001)</b>	<b>(2,552,287)</b>

<sup>(1)</sup> The operating deficit under ISC financial reporting requirements before amortization/loss/proceeds from disposal of capital assets and transfer to tenants is \$50,148 (deficit of \$1,300,606 in 2022).

The accompanying notes are an integral part of the consolidated financial statements.



**Kebaowek First Nation**  
**Consolidated statement of cumulative operating surplus**  
*Year ended March 31, 2023*

	2023	2022
<b>Balance at beginning of year</b>	<b>8,112,312</b>	7,763,408
Surplus for the year	<b>3,604,866</b>	742,935
Transfer to net investment in capital assets		
Acquisition of capital assets	<b>(4,676,260)</b>	(4,245,695)
Amortization/loss/proceeds from disposal of capital assets and transfer to tenants	<b>1,348,853</b>	1,251,681
Proceeds from long-term debt	-	1,167,162
Reimbursement of long-term debt	<b>(327,607)</b>	(216,689)
Allocation from the economic investment deficit	<b>509,959</b>	1,667,744
Allocation to band rental, single apartment building and multiplex reserves	<b>(30,000)</b>	(21,000)
Use of (allocation to) fire reserve	<b>130,712</b>	-
Allocation to Staff Development reserve	<b>(46,126)</b>	-
Adjustment to reserved funds - Article 95	<b>8,920</b>	2,766
<b>BALANCE AT END OF YEAR</b>	<b>8,635,629</b>	8,112,312

The accompanying notes are an integral part of the consolidated financial statements.

**Kebaowek First Nation**  
**Consolidated statement of net investment in capital assets**  
*Year ended March 31, 2023*

	2023	2022
<b>Net investment in capital assets at beginning of year</b>	<b>28,566,163</b>	26,480,974
Variation of net investment in capital assets		
Plus:		
Acquisition of capital assets	4,676,260	4,245,695
Reimbursement of long-term debt	327,607	216,689
Reimbursement of Residential Rehabilitation Assistance - Program On-Reserve (RRAP)	9,082	41,648
	<b>5,012,949</b>	4,504,032
Less:		
Proceeds from long-term debt	-	(1,167,162)
Amortization/loss/proceeds from disposal of capital assets and transfer to tenants	(1,348,853)	(1,251,681)
	<b>(1,348,853)</b>	(2,418,843)
<b>Net investment in capital assets at end of year</b>	<b>32,230,259</b>	28,566,163

The accompanying notes are an integral part of the consolidated financial statements.

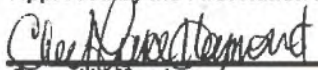
**Kebaowek First Nation**  
**Consolidated statement of financial position**  
*As at March 31, 2023*

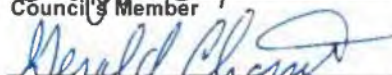
	2023	2022
<b>Financial assets</b>		
Cash	6,817,512	7,844,248
Accounts receivable (Note 3)	30,870,911	10,077,974
Short-term investments (prime rate renewable from October 2023 to November 2023)	5,009,863	-
Long-term investments (Note 4)	3,504,382	2,910,273
Restricted cash and deposits (Note 5)	410,583	406,660
	<b>46,613,251</b>	<b>21,239,155</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,957,698	2,650,247
Deferred revenue (Note 7)	16,785,332	2,158,782
ISC - Unexpended funding (Note 8)	22,213,224	11,792,112
Deferred governmental assistance	292,466	307,861
Long-term debt (Note 9)	3,308,961	3,645,650
	<b>45,557,681</b>	<b>20,554,652</b>
<b>Net financial assets</b>	<b>1,055,570</b>	<b>684,503</b>
<b>Non-financial assets</b>		
Capital assets (Note 6)	35,525,060	32,197,653
Inventories	185,340	147,050
Prepaid expenses	421,104	429,887
	<b>36,131,504</b>	<b>32,774,590</b>
<b>Accumulated surplus (Note 12)</b>	<b>37,187,074</b>	<b>33,459,093</b>

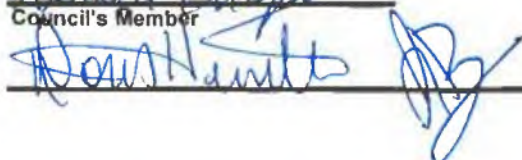
Contingencies and Guarantees (Note 15)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the First Nation's Council

  
 Council's Member

  
 Council's Member



**Kebaowek First Nation**  
**Consolidated statement of changes in net financial assets**  
*Year ended March 31, 2023*

	2023	2022
<b>Surplus for the year</b>	<b>3,604,866</b>	<b>742,935</b>
<b>Changes in capital assets</b>		
Acquisition of capital assets	(4,676,260)	(4,245,695)
Amortization/loss/proceeds from disposal of capital assets and transfer to tenants	1,348,853	1,251,681
	<b>(3,327,407)</b>	<b>(2,994,014)</b>
<b>Changes in other non-financial assets</b>		
Change in inventories	(38,290)	(11,209)
Changes in prepaid expenses	8,783	(388,749)
	<b>(29,507)</b>	<b>(399,958)</b>
<b>Changes in non-operational surpluses and reserves</b>		
Adjustment to reserved funds - Article 95	8,920	2,766
Variation of replacement reserves and operating reserve fund	105,098	31,595
Increase in in-trust fund	15	9
Variation of RRAP loans	9,082	41,648
	<b>123,115</b>	<b>76,018</b>
<b>Changes in net financial assets</b>	<b>371,067</b>	<b>(2,575,019)</b>
<b>Net financial assets at beginning of year</b>	<b>684,503</b>	<b>3,259,522</b>
<b>Net financial assets at end of year</b>	<b>1,055,570</b>	<b>684,503</b>

The accompanying notes are an integral part of the consolidated financial statements.

**Kebaowek First Nation**  
**Consolidated statement of cash flows**

*Year ended March 31, 2023*

	2023	2022
<b>Operating activities</b>		
Surplus for the year	3,604,866	742,935
Items not affecting cash		
Amortization of capital assets	1,339,384	1,246,657
Amortization of deferred governmental assistance	(15,395)	(16,203)
Deficit in controlled entities	303,019	1,577,472
Loss (Gain) on disposal of capital assets	1,969	(10,192)
	5,233,843	3,540,669
Changes in non-cash operating working capital items (Note 13)	4,532,669	4,528,242
	9,766,512	8,068,911
<b>Investing activities</b>		
Acquisition of capital assets	(4,676,260)	(4,245,695)
Proceeds from disposal of capital assets	7,500	15,216
Increase in restricted cash and deposits	(3,923)	(821)
Variation of short-term investments	(5,009,863)	-
Variation of long-term investments	(897,128)	(1,642,005)
	(10,579,674)	(5,873,305)
<b>Financing activities</b>		
Variation of RRAP loans	9,082	41,648
Adjustment to reserved funds - Article 95	114,018	34,361
Increase in in-trust fund	15	9
Proceeds from long-term debt	-	1,167,162
Reimbursement of long-term debt and RRAP loans	(336,689)	(258,337)
	(213,574)	984,843
<b>Net increase in cash and cash equivalents</b>	(1,026,736)	3,180,449
<b>Cash and cash equivalents, beginning of year</b>	7,844,248	4,663,799
<b>Cash and cash equivalents, end of year</b>	6,817,512	7,844,248

See additional information presented in Note 13.

The accompanying notes are an integral part of the consolidated financial statements

**1. Description of the Organization**

Kebaowek First Nation (the "First Nation" or "Organization") is an unincorporated legal body as defined in the Indian Act. A band council is considered a form of local government consisting of a Chief and two or more councillors who are chosen by election or band custom to carry out the functions of government for the First Nation.

**2. Accounting Policies**

The consolidated financial statements have been prepared in accordance with the Canadian public sector accounting standards except for the investments in certain government units which are not consolidated.

**Change in accounting policies**

**PS 3450 - Financial Instruments**

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 Financial Instruments. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

**PS 3280 - Asset Retirement Obligations**

On April 1, 2022, the Public Sector Accounting Board's (PSAB) new recommendations on the recognition, measurement and disclosure of a liability for an asset retirement obligation, under Section PS 3280, Asset Retirement Obligations, came effective. The new standard establishes when to recognize and measure a liability for an asset retirement obligation, and provides related consolidated financial statement presentation and disclosure requirements. The First Nation has not adopted this new standard, as it has not identified and measured its liabilities for asset retirement obligations at either April 1, 2022 or March 31, 2023, which is a departure from Canadian public sector standards. The First Nation should have identified the assets or components presenting a risks of liability for asset retirement obligations, estimated and recorded the amount of this liability, and provided information on these obligations.

**Significant accounting policies**

**Cash and cash equivalents**

Cash and cash equivalents include cash, bank overdraft, bank loan and short-term investments with a term to maturity of three months or less at the date of acquisition.

**Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

**Financial instruments**

On initial recognition, all financial instruments are initially recognized at fair value, and are classified as either financial instruments measured at cost or amortized cost, or as financial instruments measured at fair value. Transactions that are not contractual in nature do not generate items considered as financial instruments.



**Kebaowek First Nation**  
**Notes to the consolidated financial statements**

March 31, 2023

**2. Accounting policies (continued)**

**Financial instruments (continued)**

Cash and cash equivalents, accounts receivable (excluding commodity taxes receivable), loans receivable, short-term investments and other receivables are classified as financial assets at cost or amortized cost using the effective interest method. Accounts payable and accrued liabilities, excluding commodity taxes payable and employee benefits payable, and debts are classified as financial liabilities measured at cost or amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to its carrying amount.

Transaction costs are added to the carrying amount of financial instruments measured at cost or amortized cost on initial recognition.

All financial assets are tested annually for impairment. Management takes into consideration whether the issuing company has suffered continuous losses over a number of years, recent experience in collecting the receivable, such as a default or delay in interest or principal payments, and so on. Any impairment that is not considered temporary is recognized in the income statement. Reductions in the value of financial assets measured at cost and/or amortized cost to reflect impairment losses are not reversed for subsequent increases in value.

**Capital assets**

Capital assets are accounted for at cost. Amortization is calculated using the following methods at the following rates and over the following periods :

	Methods	Periods
Community buildings	Declining balance	2.5%
Private housing	Straight-line	25 years
Water and sanitation systems	Declining balance	2.5%
Roadway system	Declining balance	2.5%
Motorized equipment	Declining balance	10% to 20%
Building Migizy Odenaw Inc.	Declining balance	5%
Equipment Migizy Odenaw Inc.	Declining balance	10%
Restaurant equipment Migizy Odenaw Inc.	Declining balance	20%
Office and other equipment	Declining balance	20%

Assets under construction are not depreciated since they are not in use.

**Impairment of long-lived assets**

Capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-down are accounted for as expense in the Statement of Operations.

**Revenue recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on a accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulation give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenues or unexpended funds when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contribution from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

**2. Accounting policies (continued)**

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Other revenues are recognized when persuasive evidence of an arrangement exists, price is fixed or determinable and collection is reasonably assured.

**Use of estimates**

The preparation of consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables and long-term investments, the cost and net realizable value of inventories, the useful lives of long-lived assets, the potential impairment of long-term investments, the deferred revenues, the ISC - unexpended funding and liabilities under legal contingencies. Actual results could differ from these estimates.

**Principle of consolidation**

The consolidated financial statements include the accounts of the First Nation and a government unit under its control, Migizy Odenaw Inc.

As at March 31, 2023, the financial information available for the operations of Migizy Odenaw Inc. was taken from its respective year-end (September 30, 2022).

Transactions concluded between this enterprises and reciprocal balances are eliminated. The reciprocal balances have not been eliminated in the information of the schedules presented on pages 27 to 248 neither than in the segment disclosure (Note 20).

**Investments in government business enterprises**

Government business enterprises are accounted for in the consolidated financial statements using the modified equity method, when they meet the four characteristics of government business enterprises.

Under this accounting method, only net income, the First Nation's investment in the public enterprise and other changes in capital are recognized. No adjustment is made for the difference between the accounting policies of the enterprise and those of the First Nation.

When the nature of a government organization changes such that it no longer meets the definition of a government business enterprise, the organization would become a governmental unit and would be consolidated in government consolidated financial statements.

During the fiscal year ending March 31, 2022, the circumstances affecting Kebaowek Land Management Inc., Kitika Nijwaswi L.P. and Amik Nikewin Development inc. and their controlled entities Mitikon L.P. and Mikan Transport L.P. (the Companies) have changed so that they no longer meet the definition of a public enterprise. Failure to meet one of the four characteristics of the definition of a government enterprise would have required a change in the company's status as a government unit. The First Nation had chosen to continue using the modified equity method in 2022 and 2023 to recording investment in these companies even though they no longer met the definition of a government business enterprise, which constituted a departure from the PSAS.

The government business enterprises recorded according to the modified equity method are:

- Kebaowek Land Management inc. (wholly owned by the First Nation)
- Amik Nikewin Development inc. (wholly owned by the First Nation)
- Kitika Nijwaswi L.P. (99.99% of the parts owned by the First Nation and 0.01% by Amik Nikewin Development inc.)

Moreover, Kitika Nijwaswi L.P. owns 99.99% of the parts in the enterprises Mikan Transport L.P. and Mitikon L.P. Amik Nikewin Development inc. owns 0.01% of the parts in the enterprises Mikan Transport L.P. and Mitikon L.P.

**Kebaowek First Nation**  
**Notes to the consolidated financial statements**

March 31, 2023

**2. Accounting policies (continued)**

**Revenues and expenses related to the acquisition of capital assets**

Revenues and expenses related to the acquisition of capital assets are recorded in the net investment in capital assets when the related capital expenses are recorded, provided that the First Nation meets the eligibility criteria.

**Pension plan**

The cost of the defined pension plan is equal to the pension plan expense.

The pension plan is a multiemployer defined benefit pension plan that is accounted for as a defined contribution plan.

**Loans**

Loans with significant concessionary terms are presented at fair value discounted by the amount of the grant portion.

**3. Accounts receivable**

	2023	2022
ISC receivable	12,140,764	6,972,440
FNHRDCQ receivable	5,418	4,480
FNEC receivable	5,432	66,949
FNQLHSSC receivable	84,160	93,894
CMHC receivable	347,158	278,435
GST, QST and tobacco tax receivable	36,717	34,379
Forestry contracts receivable	50,000	100,000
Government of Quebec receivable	-	64,219
Land management receivable	55,000	55,000
Public security receivable	5,135,108	286,594
Other administration accounts receivable	59,838	45,652
Accounts receivable (housing)	1,229,202	612,120
Water and garbage receivable	58,389	50,506
Other accounts receivable	11,991,538	1,681,797
Expenses to be reimbursed (housing)	111,710	109,643
	<b>31,310,434</b>	<b>10,456,108</b>
Allowance for doubtful accounts	(439,523)	(378,134)
	<b>30,870,911</b>	<b>10,077,974</b>

**Kebaowek First Nation**  
**Notes to the consolidated financial statements**  
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**4. Long-term investments**

	2023	2022
Loan to receive from an individual, no interest and reimbursement terms	10,000	10,000
Loan to a promoter, no interest and reimbursement terms	24,714	24,714
Loan to a promoter, no interest and reimbursement terms	8,500	8,500
Loan to a promoter, no interest and reimbursement terms	10,000	10,000
Loan to a promoter, no interest and reimbursement terms	10,000	10,000
	<b>63,214</b>	<b>63,214</b>
<b>Kebaowek Land Management Inc. - Subsidy (100%)</b>		
Initial investment	100	100
Equity pick-up (accumulated deficit)	(45,642)	(45,642)
Advance, no interest and repayment terms	379,585	379,585
	<b>334,043</b>	<b>334,043</b>
<b>Amik Nikewin Development inc. - Subsidy (100%) (General partner of Kitika Nijwaswi L.P.)</b>		
Initial investment	100	100
Equity pick-up (accumulated deficit)	(206)	(176)
	<b>(106)</b>	<b>(76)</b>
<b>Kitika Nijwaswi L.P. (parts of 99.99%)</b>		
Initial investment	99	99
Equity pick-up (accumulated deficit)	(2,064,551)	(1,761,562)
Advances, no interest and repayment terms	5,171,683	4,274,555
	<b>3,107,231</b>	<b>2,513,092</b>
	<b>3,504,382</b>	<b>2,910,273</b>

**Summary of the financial information - Kebaowek Land Management inc. as at March 31, 2023**

	2023	2022
<b>Statement of financial position</b>		
Assets	334,043	334,043
Liabilities	379,585	379,585
<b>Statement of operations</b>		
Revenues	-	41,063
Expenses	-	-
Surplus (deficit) for the year	-	41,063
<b>Statement of cash flows</b>		
Operating activities	-	(379,585)
Investing activities	-	-
Financing activities	-	379,585

**Kebaowek First Nation**  
**Notes to the consolidated financial statements**  
*March 31, 2023*

**4. Long-term investments (continued)**

Related-party transactions - Kebaowek Land Management inc.:

During the year, the First Nation invoiced revenues to Kebaowek Land Management inc for \$ - (\$41,063 in 2022). The amount receivable on these transactions is nil as at March 31, 2023 (nil as at March 31, 2022). The First Nation also has advances of \$379,585 to Kebaowek Land Management inc. as of March 31, 2023 (\$379,585 as of March 31, 2022).

Moreover, Kebaowek Land Management inc. has an advance of \$330,151 to Mikan Transport L.P. as of March 31, 2023 (advance of \$330,151 as of March 31, 2022).

**Summary of the financial information - Mikan Transport L.P. as at March 31, 2023**

	2023	2022
<b>Statement of financial position</b>		
Financial Assets		
Cash	39,389	228,614
Accounts receivable	537,954	218,447
	<u>577,343</u>	<u>447,061</u>
Non-financial assets		
Inventories	218,683	107,618
Capital assets	2,114,526	2,143,752
Goodwill	485,135	485,135
	<u>2,818,344</u>	<u>2,736,505</u>
Liabilities		
Short-term liabilities	738,705	790,066
Long-term liabilities	3,604,902	3,060,165
	<u>4,343,607</u>	<u>3,850,231</u>
Net debt	3,766,264	3,403,170
Accumulated deficit	947,920	666,665
<b>Statement of operations</b>		
Revenues - Sales	2,488,020	2,842,130
Expenses		
Salaries and fringe benefits	1,002,568	1,187,909
Amortization of capital assets	275,090	215,171
Gas	280,932	547,080
Interests on long-term debt	90,274	61,938
Material and supplies	271,001	114,326
Repairs and maintenance	439,980	645,381
Loss on disposal of capital assets	21,268	78,525
Other expenses	388,162	569,884
	<u>2,769,275</u>	<u>3,420,214</u>
Deficit for the year	<u>(281,255)</u>	<u>(578,084)</u>
<b>Statement of cash flows</b>		
Operating activities	(542,282)	(61,116)
Investing activities	(267,134)	(515,255)
Financing activities	620,189	760,147

**Kebaowek First Nation**  
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**4. Long-term investments (continued)**

The amount of long-term debt of Mikan Transport L.P. is \$1,663,921 as of March 31, 2023. Principal payments required in each of the next five years are as follows:

	\$
2024	521,301
2025	468,004
2026	354,037
2027	273,921
2028	46,658

Related-party transactions - Mikan Transport L.P.:

During the year, the First Nation invoiced revenues to Mitikon L.P. for \$700 (\$43,784 in 2022). The amount receivable on these transactions is nil as at March 31, 2023 (nil as of March 31, 2022). The First Nation also purchased goods and services for \$119,371 (\$93,103 in 2022) from Mikan Transport L.P. The amount payable on these transactions included in the accounts payable and accrued liabilities as at March 31, 2023 are nil (nil as of March 31, 2022). Mikan Transport L.P. is also owing an amount of \$2,132,465 to Kebaowek First Nation as advances as of March 31, 2023 (\$1,291,765 as of March 31, 2022).

Moreover, during the year Mikan Transport L.P. invoiced revenues to Mitikon L.P. for \$1,097,805 (\$1,097,940 in 2022) and the amount receivable on these transaction is \$365,813 as at March 31, 2023 (\$157,042 as at March 31, 2022).

**Summary of the financial information - Mitikon L.P. as at March 31, 2023**

	2023	2022
<b>Statement of financial position</b>		
Financial Assets		
Cash	132,788	220,630
Accounts receivable	917,444	624,364
	<u>1,050,232</u>	<u>844,994</u>
Non-financial assets		
Inventories	98,085	98,085
Capital assets	1,471,003	1,646,536
	<u>1,569,088</u>	<u>1,744,621</u>
Liabilities		
Short-term liabilities	873,255	497,922
Long-term liabilities	2,862,894	3,186,758
	<u>3,736,149</u>	<u>3,684,680</u>
Net debt	2,685,917	2,839,686
Accumulated deficit	1,116,829	1,095,065
<b>Statement of operations</b>		
Revenues - Sales	4,767,319	5,333,056
Expenses		
Salaries and fringe benefits	731,102	721,756
Amortization of capital assets	188,870	142,172
Contracts	2,637,349	4,566,322
Gas	550,406	225,239
Interest on long-term debt	28,121	31,360
Material and supplies	82,628	166,565
Repairs and maintenance	150,058	225,338
Loss (gain) on disposal of capital assets	58,796	(8,514)
Other expenses	361,753	303,269
	<u>4,789,083</u>	<u>6,373,507</u>
Deficit for the year	<u>(21,764)</u>	<u>(1,040,451)</u>



**Kebaowek First Nation**  
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March 31, 2023

**4. Long-term investments (continued)**

	2023	2022
<b>Statement of cash flows</b>		
Operating activities	406,969	(1,882)
Investing activities	(186,913)	(466,222)
Financing activities	(307,898)	879,899

The amount of long-term debt of Mitikon L.P. is \$350,798 as of March 31, 2023. Principal payments required in each of the next three years are as follows:

	\$
2024	191,116
2025	135,177
2026	24,505

Related-party transactions - Mitikon L.P.:

During the year, the First Nation charged other revenues to Mitikon L.P. for \$17,925 (\$52,717 in 2022). The amount receivable on these transactions is nil as at March 31, 2023 (nil as at March 31, 2022). The First Nation made purchases of goods and services or transfer funding of \$55,000 (\$336,592 in 2022) from Mitikon L.P. The amount payable on these transactions included in the accounts payable and accrued liabilities as at March 31, 2023 are \$295,919 (\$304,648 as at March 31, 2022). Moreover, as of March 31, 2023 another amount of \$159,474 (\$159,474 as at March 31, 2022) is included in the accounts payables and accrued liabilities related to the sale of assets and liabilities from Kebaowek Land Management inc. occurred in 2021. Mitikon L.P. is also owing an amount of \$3,039,218 to Kebaowek First Nation as advances as at March 31, 2023 (2,982,790 as at March 31, 2022).

Moreover, during the year Mitikon L.P. invoiced revenues to Mikan Transport L.P. for \$197,607 (\$78,480 in 2022) and the amount receivable on these transaction is \$83,176 as at March 31, 2023 (\$83,134 as at March 31, 2022).

**5. Restricted cash and deposits**

	2023	2022
In-trust surplus	620	605
Operating and replacement reserves (Note 14)	409,963	406,055
	<b>410,583</b>	<b>406,660</b>

**6. Capital assets**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Assets under construction	922,477	-	922,477	1,515,068
Lands	300,000	-	300,000	-
Community buildings	7,210,663	1,524,602	5,686,061	4,257,280
Private housing	10,914,358	5,730,551	5,183,807	5,558,287
Water and sanitation systems	17,915,120	2,840,692	15,074,428	15,460,951
Roadway system	6,480,756	737,814	5,742,942	3,218,866
Motorized equipment	3,650,678	1,815,036	1,835,642	1,380,296
Building Migizy Odenaw Inc.	662,331	395,782	266,549	280,578
Equipment Migizy Odenaw Inc.	530,954	391,833	139,121	151,107
Restaurant equipment Migizy Odenaw Inc.	68,158	52,331	15,827	11,797
Office and other equipment	1,632,774	1,274,568	358,206	363,423
	<b>50,288,269</b>	<b>14,763,209</b>	<b>35,525,060</b>	<b>32,197,653</b>

**Kebaowek First Nation**  
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**7. Deferred revenue**

	<i>Project</i>	<b>2023</b>	<b>2022</b>
Schedule 12 - GCNWA Proposal	1011	-	15,622
Schedule 18 - Consolidated Revenues Fund	2000	11,084	-
Schedule 19 - Employment Insurance Fund	2001	-	12,888
Schedule 21 - Youth Work Experience Initiative	2003	-	2,899
Schedule 22 - CRF Covid	2005	-	72,977
Schedule 34 - FNEC - Science & Technology / Youth Employment Project	4501	8,738	22,377
Schedule 35 - FNEC - Summer Student Jobs	4502	-	12,336
Schedule 37 - FNEC - Education Partnerships Program	4505	-	7,010
Schedule 38 - FNEC - Language and Culture	4506	134,154	183,918
Schedule 39 - FNEC - Partnership Initiative	4507	-	42,312
Schedule 40 - FNEC - Age 4 to 7 initiative	4508	-	10,556
Schedule 41 - FNEC Land based teaching	4509	35,227	-
Schedule 82 - Bullying	5041	-	4,500
Schedule 86 - Food Rescue	5046	-	25,380
Schedule 98 - FNQLHSSC - Avenir d'enfants	5951	-	31,156
Schedule 100 - FNQLHSSC - Family violence	5953	8,265	14,263
Schedule 101 - FNQLHSSC - Sport participation	5954	14,946	13,755
Schedule 102 - FNQLHSSC - Cancer prevention	5955	7,252	21,960
Schedule 133 - Kebaowek Police Operations	8000	542,936	-
Schedule 135 - Police Infrastructure	8002	4,467,925	363,510
Schedule 137 - Police Conjugal	8004	51,656	-
Schedule 138 - Bilateral Federal	8005	383,287	-
Schedule 154 - On-Reserve Emergency Repair Program - 101 Migizy Street (26-775-676)	9019	-	7,000
Schedule 163 - Matamec	1104	33,675	33,675
Schedule 164 - SAA Phase A1 Engineer & Architect	1106	-	230,089
Schedule 165 - Cultural Center - Construction	1109	8,972,477	-
Schedule 173 - Cultural Center - Strategic Planning	1118	736,208	-
Schedule 181 - Land Management (MFFP)	1201	-	57,870
Schedule 186 - Sugarbush	1208	10,990	12,812
Schedule 190 - Nuclear Laboratories	1214	14,131	-
Schedule 192 - Gazoduc	1216	-	70,114
Schedule 193 - Temiskaming Dam - Environmental assessments	1217	79,119	84,162
Schedule 194 - Wasamac	1218	20,050	101,050
Schedule 195 - Nature Conservancy (AIKI-SIBI)	1219	91,080	79,240
Schedule 196 - AFSAR	1220	22,219	-
Schedule 197 - Tripartite	1221	180,775	291,585
Schedule 198 - Capacity Support Program	1222	-	47,375
Schedule 199 - Radio-Active Waste	1223	-	7,460
Schedule 201 - Policy Framework	1225	-	12,000
Schedule 202 - Vital Metals Kipawa Mine	1226	-	3,956
Schedule 203 - ESAP Energy Services	1227	-	34,376
Schedule 205 - IAAC (CEAA) RIMNET	1229	96,696	107,000
Schedule 206 - Canadian Nuclear Laboratories	1230	176,598	-
Schedule 207 - CNL/NSDF	1231	8,262	-
Schedule 208 - Forestry Conservation	1232	260,000	-
Schedule 209 - CNSN Global First Power	1234	90,000	-
Schedule 214 - Country Fest	1310	-	19,390
Schedule 217 - Culture - Coordinator	1500	76,358	81,975
Schedule 218 - Anishinabe Mikawa	1501	-	5,234
Schedule 219 - Aboriginal Day	1503	-	15,000
Schedule 222 - Language Coordinator	1505	251,224	-
		<b>16,785,332</b>	<b>2,158,782</b>

**Kebaowek First Nation**  
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**8. ISC - Unexpended funding**

	<i>Project</i>	<b>2023</b>	<b>2022</b>
Schedule 9 - Community Development Plan	1007	141,871	60,434
Schedule 10 - ISC Block - Unexpended funding	1009	3,321,027	2,957,733
Schedule 11 - COVID-19 Administration Costs	1010	-	5,078
Schedule 13 - Covid EMAP Phase 3	1012	36,950	34,997
Schedule 15 - Estates Management	1014	97,368	-
Schedule 27 - Covid-19 Social Assistance	3003	-	76,379
Schedule 28 - Inflation Relief	3004	35,669	-
Schedule 33 - Adult Education	4004	50,170	-
Schedule 57 - Health Canada - Health Career Summer Student	5013	3,255	3,321
Schedule 59 - Mental wellness Team	5016	120,703	61,318
Schedule 60 - Victims of Family Violence	5017	10,959	10,959
Schedule 61 - Training (AHHRI)	5018	-	1,064
Schedule 71 - First Line Services	5028	1,029,674	606,683
Schedule 72 - Canadian Oral Hygiene Initiative	5029	17,120	30,538
Schedule 78 - New Health Center	5035	6,749,651	2,750,000
Schedule 81 - Traditional Healers	5040	6,130	17,747
Schedule 89 - Covid Communicable Disease	5049	3,780	-
Schedule 90 - Covid Diabetes	5050	-	8,129
Schedule 92 - Covid O & M Facilities	5052	-	224
Schedule 93 - Covid Assisted Living	5053	8,894	77,527
Schedule 96 - First Line (CHRT)	5056	2,060,418	281,259
Schedule 105 - Jordan's Principal - Support	5975	8,399	18,525
Schedule 106 - Jordan's Principal	5976	377,036	209,806
Schedule 113 - O&M Eco-Centre	6006	155,227	190,039
Schedule 114 - Waste Management	6007	102,721	38,814
Schedule 115 - O & M Garbage Truck	6008	145,223	98,808
Schedule 116 - O & M Roll off Truck	6009	61,935	30,482
Schedule 117 - Infrastructure - Water System	6010	-	3,219
Schedule 118 - Extension Amik Street	6011	36,982	45,004
Schedule 120 - Eco-Center	6013	101,347	174,899
Schedule 123 - Sewage Repair	6016	5,381,830	3,794,740
Schedule 124 - Asset Management (CQJ90)	6018	39,539	40,000
Schedule 125 - Covid Reopening Band Buildings	6019	-	28,725
Schedule 128 - Makwa Street	6022	125,000	-
Schedule 161 - Comprehensive Planning	1102	21,808	25,472
Schedule 164 - SAA Phase A1 Engineer & Architect	1109	1,393,038	-
Schedule 174 - Forestry	1119	569,500	-
Schedule 170 - Covid Economic Development	1114	-	110,189
		<b>22,213,224</b>	<b>11,792,112</b>

**Kebaowek First Nation**  
**Notes to the consolidated financial statements**  
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**9. Long-term debt**

	2023	2022
Loan, 3.07%, secured by ISC, payable by monthly instalments of \$391, capital and interest, maturing in 2025	5,707	10,149
Loan, 3.07%, secured by ISC, payable by monthly instalments of \$317, capital and interest, maturing in 2025	4,629	8,232
Loan, 2.95%, secured by ISC, payable by monthly instalments of \$495, capital and interest, maturing in 2030	36,570	41,348
Loan, 3.81%, secured by ISC, payable by monthly instalments of \$1,380, capital and interest, maturing in 2033	130,987	142,998
Loan, 2.49%, secured by ISC, payable by monthly instalments of \$568, capital and interest, maturing in 2034	61,212	66,442
Loan, 1.50%, secured by ISC, payable by monthly instalments of \$1,591, capital and interest, maturing in 2033	174,471	190,820
Loan, 3.75%, secured by ISC, payable by monthly instalments of \$1,018, capital and interest, maturing in 2037	131,901	139,758
Loan, 0.71%, secured by ISC, payable by monthly instalments of \$553, capital and interest, maturing in 2036	80,354	86,396
Loan, 3.04%, secured by ISC, payable by monthly instalments of \$1,274, capital and interest, maturing in 2028	58,655	72,102
Loan, 2.70%, secured by ISC, payable by monthly instalments of \$665, capital and interest, maturing in 2032	58,997	65,302
Loan, 2.22%, secured by ISC, payable by monthly instalments of \$1,030, capital and interest, maturing in 2041	187,452	195,528
Loan, 2.22%, secured by ISC, payable by monthly instalments of \$389, capital and interest, maturing in 2042	70,702	73,748
Loan, 1.13%, secured by ISC, payable by monthly instalments of \$552, capital and interest, maturing in 2036	78,595	84,295
Loan, 2.41%, secured by ISC, payable by monthly instalments of \$1,205, capital and interest, maturing in 2044	230,196	239,015
Loan, 1.69%, secured by ISC, payable by monthly instalments of \$244, capital and interest, maturing in 2030	17,379	19,994
Loan, 0.71%, secured by ISC, payable by monthly instalments of \$530, capital and interest, maturing in 2027	20,408	26,593
Loan from CMHC (RRAP), reimbursed during the year (1)	-	9,082
Loan, 3.95%, secured by ISC, payable by monthly instalments of \$181, capital and interest, maturing in 2042	16,005	17,633
Loan, 1.87%, secured by ISC, payable by monthly instalments of \$1,115, capital and interest, maturing in 2045	233,937	242,871
Loan, 1.75%, secured by ISC, payable by monthly instalments of \$514, capital and interest, maturing in 2045	110,948	115,146
Loan, 1.73%, secured by ISC, payable by monthly instalments of \$718, capital and interest, maturing in 2045	157,246	163,102
Amounts to be carried forward	1,866,351	2,010,554

**Kebaowek First Nation**  
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**9. Long-term debt (continued)**

	2023	2022
Amounts carried forward	1,866,351	2,010,554
Loan, 6.00%, reimbursed during the year	-	97,731
Loan, 6.00%, payable by bi-annual instalments of \$25,370 by the Secr�tariat aux affaires autochtones, capital and interest, maturing in 2024	48,541	94,302
Loan in progress, 5.75%, payable by bi-annual instalments of \$81,959 by Secr�tariat aux Relations avec les Prem�res Nations et les Inuit, capital and interest	1,110,144	1,110,144
Loan, 3.69%, secured by motorized equipment of a net book value of \$42,315, payable by monthly instalments of \$859, capital and interest, maturing in 2027	30,775	39,770
Loan in progress, approved by CMHC, with a term of 25 years, interests and other terms to be determined	145,750	145,750
Loan in progress, approved by CMHC, with a term of 25 years, interests and other terms to be determined	107,400	107,400
Loan-subsidy, 5.00%, reimbursed during the year	-	40,000
	3,308,961	3,645,650
Current portion	193,844	229,537
	3,115,117	3,416,113

Capital payments due within each of the next five years are as follow:

	\$
2024	193,844
2025	142,331
2026	143,861
2027	133,290
2028	101,263

<sup>(1)</sup> Under this program, an agreement has been reached by the Kebaowek First Nation and the CMHC concerning the cumulative contributions for the major repairs of houses located on the First Nation's territory (RRAP).

Should all the conditions of the agreement be met by the First Nation, the amortization of these loans will be made by remission instalments based on a straight-line method of amortization of three to five years. Should the conditions not be respected by the First Nation, the outstanding balance of these loans will be repaid by the First Nation as a usual mortgage (subject of interest charges).

**10. Reserves for acquisition of capital assets**

The First Nation has reserved funds for the future acquisition of capital assets in accordance with funding agreements. Here is the detail of these reserves as at March 31, 2023:

	2023	2022
School bus	44,082	44,082
Public works equipment	200,000	200,000
Single apartment building	83,551	71,551
Band rental	52,625	52,625
Police department	210,322	210,322
Fire	74,288	205,000
	664,868	783,580

**Kebaowek First Nation**  
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**11. Cumulative operating and funds balances**

The cumulative operating and funds balances as at March 31, 2023, do not take into consideration possible modifications following the review and analysis of the present consolidated financial statements by ISC, CMHC, FNEC, FNHRDCQ, FNQLHSSC and Secr tariat aux Relations avec les Prem res Nations et les Inuits. Any adjustment resulting from these analyses will be recorded in the current year as an adjustment of funds balances or in the results as indicated by ISC, CMHC, FNEC, FNHRDCQ, FNQLHSSC or Secr tariat aux Relations avec les Prem res Nations et les Inuit.

**12. Accumulated surplus**

The accumulated surplus of Kebaowek First Nation is divided among several surpluses and reserves, as detailed below:

	2023	2022
Reserves for acquisition of capital assets (Note 10)	664,868	783,580
Economic investment deficit	(5,009,646)	(4,499,687)
In-trust surplus	620	605
Operating reserve fund - Article 95	73,825	82,745
Replacement reserve fund - Article 95	438,393	324,375
Remplacement reserve- Multiplex	107,000	89,000
Net investment in capital assets	32,230,259	28,566,163
Staff Development Reserve	46,126	-
Cumulative operating surplus	8,635,629	8,112,312
	<b>37,187,074</b>	<b>33,459,093</b>

**13. Additional information relating to the consolidated statement of cash flows**

	2023	2022
<i>Changes in non-cash operating working capital items</i>		
Accounts receivable	(20,792,937)	(2,700,669)
Inventories	(38,290)	(11,209)
Prepaid expenses	8,783	(388,749)
ISC - Unexpended funding	10,421,112	7,556,792
Accounts payable and accrued liabilities	307,451	708,139
Deferred revenue	14,626,550	(636,062)
	<b>4,532,669</b>	<b>4,528,242</b>

**14. Replacement reserve**

Under the terms of the agreement with CMHC, the replacement reserve fund - Article 95 is to be credited annually. These funds along with accumulated interest must be held in a separate bank account and/or invested only in accounts or instruments insured by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then capital.

**15. Contingencies and guarantees**

The First Nation is a guarantor for personal housing mortgages to residents of the community for the amount of \$1,338,502 as of March 31, 2023 (\$1,422,687 as of March 31, 2022).

Moreover, the First Nation is also a guarantor for loans in Mikan Transport L.P. and Mitikon L.P. for respectively the amount of \$1,038,961 and \$39,290 as of March 31, 2023.



**16. Financial instruments**

**Interest rate risk**

The long-term debt bears interest at fixed rates. Consequently, the cash flows exposure is not significant. However, the fair value of loans having fixed rates of interest could fluctuate because of changes in market interest rates. The short-term loans represent a limited exposure to interest rate risk due to their short-term maturity.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Main risks are on cash, accounts receivables and short-term and long term investments .

The credit risk associated with cash and short-term investments is considered negligible, since the counterparties are financial institutions with a high credit rating assigned by recognized rating agencies.

The First Nation provides credit to its tenants in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for potential credit losses. The First Nation also provides advances to controlled entities and maintain provisions for potential depreciation of these investments.

**Credit facility (bank loan)**

An authorized line of credit of \$400,000, bearing interest at prime rate (6.70% as at March 31, 2023) plus 1.00%, is available. The loans are repayable on demand and fluctuate regularly. The credit line is renewable on an annual basis and guaranteed by a first ranking hypothec of \$750,000 on all borrower's present and future claims. No amount was used as at March 31, 2023.

An authorized credit card of \$150,000, bearing interest at 19.99%, is also available. An amount of \$24,076 included under the accounts payable and accrued liabilities was used as at March 31, 2023.

**Fair value of financial assets and liabilities**

The fair value represents approximately the amounts of the financial instruments that would be exchanged between the consenting parties, according to the current market value of instruments which the risk, capital and duration are the same. Certain estimates and decisions were required to arrive at the fair value of financial instruments which was based upon actualization and other evaluation methods which depend largely on hypothesis of estimated cash flows and the actualization rate depending on different degrees of risk.

The fair value of cash, accounts receivable, restricted cash and deposits, short term investments and accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

**Liquidity risk**

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset.

The First Nation is exposed to that risk mainly on accounts payable and accrued items, excluding commodity taxes payable and employee benefits payable and debt.

The First Nation manages this risk by taking into account its operational needs and by using its credit facilities. The First Nation establishes cash flow forecasts to ensure that it has the necessary funds to meet its obligations.

**Kebaowek First Nation**  
**Notes to the consolidated financial statements**

*March 31, 2023*

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**17. Pension plan**

The First Nation supports a contributory defined benefit pension plan for substantially all of its employees (except for the police department which is described below). It is a multiemployer plan that is administered by the Native Benefits Plan. The pension for native employees is 8.50% of the gross salary and the employer contributes 1.82 times the employee's contribution. For the non-native employees, it is 6.80% of the gross salary and the employer contributes 1.82 times the employee's contribution.

For the police department, the rate is 9.50% of the gross salary for the native employees and 8.00% for the non-native employees. The employer contributes 2.00 times the employee's contribution.

The First Nation also offers a voluntary pension plan for employees not covered by ISC, ISC - Health Branch and police activities. The contribution by the employees is 5.00% and the First Nation contributes the same amount.

For the current fiscal year, the pension plan expenses amounted to \$292,381 (\$261,066 in 2022).

**18. Comparative figures**

Certain figures for 2022 have been reclassified to conform to the presentation adopted in 2023.

**Kebaowek First Nation**  
**Notes to the financial statements**  
*March 31, 2023*

**19. Expenses**

	<b>2023</b>	<b>2022</b>
Cost of goods sold	3,032,105	2,434,459
Advertizing	1,414	3,302
Salaries and fringe benefits	4,264,844	3,651,075
Allocations	843,021	807,360
Administration fees	868,048	868,700
Contracts	697,718	231,077
Amortization of deferred governmental assistance	(15,395)	(16,203)
Amortization of capital assets	1,339,384	1,246,657
Doubtful accounts	63,173	181,769
Management expenses	63,182	57,131
Energy	160,727	142,338
Membership fees	15,308	22,927
Gas	105,399	71,994
Insurances	247,039	223,413
Interest and bank charges	57,724	24,738
Interest on long-term debt	54,548	67,260
Licences and permits	36,327	51,786
Maintenance expenses	202,150	129,352
Material and supplies	894,711	539,429
Pension plan	291,604	261,066
Professional fees	1,815,595	1,261,639
Purchase of equipment	121,274	-
Rental	121,271	146,725
Room and board	365,987	386,861
Telephone	89,849	49,345
Training expenses	117,623	45,113
Transfer to Migizy Odenaw Childcare Center	309,724	176,250
Transfer to the replacement reserve	125,550	33,550
Transportation expenses	205,278	222,601
Travel	299,742	65,923
Tuition fees	637,878	700,020
Water, garbage and sewer expenses	6,912	9,504
Workshops expenses	375,001	236,916
Transfer to economic development businesses	55,000	332,692
Loss (Gain) on disposal of capital assets	1,969	(10,192)
	<b>17,871,684</b>	<b>14,656,577</b>

**Kebaowek First Nation**  
**Notes to the financial statements**  
March 31, 2023

**20. Segment disclosure**

	<b>Administration and band government</b>		<b>Human resources development</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>				
Federal government transfers	326,950	(1,798,028)	447,467	441,091
Other revenues	1,105,149	1,134,212	(289,184)	(239,362)
	<b>1,432,099</b>	<b>(663,816)</b>	<b>158,283</b>	<b>201,729</b>
<b>Expenses</b>				
Salaries and fringe benefits	496,061	537,820	30,593	21,954
Amortization	31,183	30,585	-	-
Other expenses	682,825	901,553	127,690	179,775
	<b>1,210,069</b>	<b>1,469,958</b>	<b>158,283</b>	<b>201,729</b>
	<b>222,030</b>	<b>(2,133,774)</b>	<b>-</b>	<b>-</b>
	<b>Social assistance</b>		<b>Education</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>				
Federal government transfers	815,552	754,435	1,843,601	1,651,875
Other revenues	4,475	4,429	(8,623)	(20,777)
	<b>820,027</b>	<b>758,864</b>	<b>1,834,978</b>	<b>1,631,098</b>
<b>Expenses</b>				
Salaries and fringe benefits	29,894	30,537	256,033	240,851
Amortization	-	-	12,966	14,483
Other expenses	532,531	350,875	1,297,489	1,369,415
	<b>562,425</b>	<b>381,412</b>	<b>1,566,488</b>	<b>1,624,749</b>
	<b>257,602</b>	<b>377,452</b>	<b>268,490</b>	<b>6,349</b>
	<b>Health</b>		<b>Public works</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>				
Federal government transfers	4,139,472	4,940,396	3,752,684	1,393,140
Provincial governments transfers	46,500	62,000	(5,600)	-
Other revenues	(36,851)	(38,759)	248,094	217,093
	<b>4,149,121</b>	<b>4,963,637</b>	<b>3,995,178</b>	<b>1,610,233</b>
<b>Expenses</b>				
Salaries and fringe benefits	1,212,139	1,193,312	595,288	474,973
Amortization	38,492	38,550	621,289	592,742
Other expenses	2,285,616	1,717,008	735,157	638,814
	<b>3,536,247</b>	<b>2,948,870</b>	<b>1,951,734</b>	<b>1,706,529</b>
	<b>612,874</b>	<b>2,014,767</b>	<b>2,043,444</b>	<b>(96,296)</b>

**Kebaowek First Nation**  
**Notes to the financial statements**  
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**20. Segment disclosure (continued)**

	<b>Fire protection</b>		<b>Police security</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>				
Federal government transfers	90,577	85,062	469,394	436,632
Provincial governments transfers	-	-	762,087	403,045
	<b>90,577</b>	<b>85,062</b>	<b>1,231,481</b>	<b>839,677</b>
<b>Expenses</b>				
Salaries and fringe benefits	-	-	405,870	385,990
Amortization	-	-	60,687	45,757
Other expenses	100,375	76,895	560,532	180,338
	<b>100,375</b>	<b>76,895</b>	<b>1,027,089</b>	<b>612,085</b>
	<b>(9,798)</b>	<b>8,167</b>	<b>204,392</b>	<b>227,592</b>
	<b>Housing</b>		<b>Economic development</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>				
Federal government transfers	310,770	916,751	1,528,503	1,281,138
Provincial governments transfers	-	-	93,422	434,941
Other revenues	971,574	425,271	3,473,143	2,953,175
	<b>1,282,344</b>	<b>1,342,022</b>	<b>5,095,068</b>	<b>4,669,254</b>
<b>Expenses</b>				
Salaries and fringe benefits	417,257	50,381	452,812	455,565
Interests on long-term debt	47,646	49,294	5,585	16,620
Amortization	415,529	413,887	133,270	89,104
Other expenses	884,396	342,709	3,612,359	2,709,865
	<b>1,764,828</b>	<b>856,271</b>	<b>4,204,026</b>	<b>3,271,154</b>
	<b>(482,484)</b>	<b>485,751</b>	<b>891,042</b>	<b>1,398,100</b>
	<b>Natural resources</b>		<b>Others</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>				
Federal government transfers	850,658	569,596	67,036	35,308
Provincial governments transfers	226,806	553,556	110,000	45,000
Other revenues	155,140	153,361	280,773	182,403
	<b>1,232,604</b>	<b>1,276,513</b>	<b>457,809</b>	<b>262,711</b>
<b>Expenses</b>				
Salaries and fringe benefits	319,342	184,718	49,555	74,974
Interests on long-term debt	1,316	1,346	-	-
Amortization	22,758	21,549	3,211	-
Other expenses	1,065,674	1,040,464	328,264	183,874
	<b>1,409,090</b>	<b>1,248,077</b>	<b>381,030</b>	<b>258,848</b>
	<b>(176,486)</b>	<b>28,436</b>	<b>76,779</b>	<b>3,863</b>

**Kebaowek First Nation**  
**Notes to the financial statements**  
*March 31, 2023*

**20. Segment disclosure (continued)**

	<b>Total</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Federal government transfers	<b>14,642,664</b>	10,707,396
Provincial governments transfers	<b>1,233,215</b>	1,498,542
Other revenues	<b>5,903,690</b>	4,771,046
	<b>21,779,569</b>	16,976,984
<b>Expenses</b>		
Salaries and fringe benefits	<b>4,264,844</b>	3,651,075
Interests on long-term debt	<b>54,547</b>	67,260
Amortization	<b>1,339,385</b>	1,246,657
Other expenses	<b>12,212,908</b>	9,691,585
	<b>17,871,684</b>	14,656,577
	<b>3,907,885</b>	2,320,407

The segment disclosure is presented before the net surplus (deficit) in the controlled entities and before elimination of revenue and expenses for consolidation purpose.