

Financial Statements of

**KINOOMAADZIWIN
EDUCATION BODY**

Year ended March 31, 2021

KINOOMAADZIWIN EDUCATION BODY

Financial Statements Index

Year ended March 31, 2021

	Page
Independent Auditors' Report	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 – 9
Schedules:	
Schedule 1 – Implementation of the Master Education Agreement	10
Schedule 2 – Education Self-Government	11
Schedule 3 – One-time Program Funding	12



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury ON P3C 1X3
Canada
Tel 705-675-8500
Fax 705-675-7586

INDEPENDENT AUDITORS' REPORT

To the Directors of the Kinoomaadziwin Education Body

Opinion

We have audited the financial statements of Kinoomaadziwin Education Body (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of 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 responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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 risk of material misstatement of the 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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 the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity's 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 16, 2021

KINOOMAADZIWIN EDUCATION BODY

Statement of Financial Position

As at March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 3,465,154	\$ 6,171,451
Accounts receivable	172,056	114,566
Investments (note 2)	104,230	102,565
Prepaid expenses	68,873	46,785
	<u>3,810,313</u>	<u>6,435,367</u>
Capital assets (note 3)	55,079	84,104
	<u>\$ 3,865,392</u>	<u>\$ 6,519,471</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 238,277	\$ 3,810,771
Deferred revenue (note 5)	496,049	2,624,596
	<u>734,326</u>	<u>6,435,367</u>
Net assets:		
Unrestricted	64,828	-
Investment in capital assets	55,079	84,104
Internally restricted (note 6)	3,011,159	-
	<u>3,131,066</u>	<u>84,104</u>
Government funding (note 9)		
Commitments (note 10)		
	<u>\$ 3,865,392</u>	<u>\$ 6,519,471</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

KINOOMAADZIWIN EDUCATION BODY

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Government contributions (note 7)	\$ 68,058,081	\$ 61,480,133
Other	18,485	1,723
	<u>68,076,566</u>	<u>61,481,856</u>
Expenses:		
Payments to First Nations	62,831,984	59,160,621
Salaries and benefits	1,340,525	1,138,853
Contract and professional services	446,267	468,075
Travel and training	59,696	406,017
Information technology	130,964	136,960
Rent	91,170	87,430
Amortization of capital assets	57,437	70,072
Office	67,345	44,230
Insurance	16,320	14,279
Promotion	4,565	13,862
Interest and bank charges	3,767	5,320
	<u>65,050,040</u>	<u>61,545,719</u>
Excess (deficiency) of revenue over expenses undernoted item	3,026,526	(63,863)
Other income:		
Temporary Wage Subsidy	20,436	-
Excess (deficiency) of revenue over expenses	<u>\$ 3,046,962</u>	<u>\$ (63,863)</u>

See accompanying notes to financial statements.

KINOOMAADZIWIN EDUCATION BODY

Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

	Unrestricted	Investment in capital assets	Internally restricted	2021	2020
Net assets, beginning of year	\$ -	\$ 84,104	\$ -	\$ 84,104	\$ 147,967
Excess (deficiency) of revenue over expenses	3,075,987	(29,025)	-	3,046,962	(63,863)
Transfer to internally restricted	(3,011,159)	-	3,011,159	-	-
Net assets, end of year	\$ 64,828	\$ 55,079	\$ 3,011,159	\$ 3,131,066	\$ 84,104

See accompanying notes to financial statements.

KINOOMAADZIWIN EDUCATION BODY

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 3,046,962	\$ (63,863)
Adjustments for:		
Amortization of capital assets	57,437	70,072
	3,104,399	6,209
Changes in non-cash operating working capital:		
Increase in accounts receivable	(57,489)	(89,147)
Decrease (increase) in prepaid expenses	(22,088)	4,794
Increase (decrease) in accounts payable and accrued liabilities	(3,572,494)	2,028,245
Increase (decrease) in deferred revenue	(2,128,547)	815,175
	(2,676,219)	2,765,276
Capital activities:		
Purchase of capital assets	(28,413)	(6,209)
Cash flows from investing activities:		
Purchase of investments	(1,665)	(1,665)
Increase (decrease) in cash	(2,706,297)	2,757,402
Cash, beginning of year	6,171,451	3,414,049
Cash, end of year	\$ 3,465,154	\$ 6,171,451

See accompanying notes to financial statements.

KINOOMAADZIWIN EDUCATION BODY

Notes to Financial Statements

Year ended March 31, 2021

Kinoomaadziwin Education Body ("KEB") is incorporated without share capital under the laws of the Province of Ontario. The KEB is a body corporate under the Anishinabek Nation Education Agreement Act, S.C. 2017, c. 32 assented to on December 14, 2017. The membership of the KEB comprises twenty three (23) Anishinabek First Nations located in the Province of Ontario. The objective of the KEB is to promote the improvement of education of First Nation students by providing education services and supports to First Nation based schools, First Nations and their members. The KEB is a not-for-profit organization under the Income Tax Act and, accordingly, is exempt from income taxes.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards, including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

(a) Revenue recognition:

The KEB accounts for contributions, which include government grants, under the deferral method of accounting as follows:

Operating grants are recorded as revenue in the period to which they relate. Grants relating to future periods are deferred and recognized in the subsequent period when the related expense occurs. Grants approved but not received at the end of a period are accrued.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

Funding adjustments and the settlement of funding surpluses of prior years are recorded in the statement of operations in the year in which the settlement is made.

(b) Capital assets:

Capital assets are recorded at cost. Amortization is provided on the straight-line basis over their estimated useful lives at the following annual rates:

	Rates
Furniture and fixtures	30%
Computer and equipment	30%
Computer software	50%

KINOOMAADZIWIN EDUCATION BODY

Notes to Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(c) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

(d) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Line of Credit:

Pursuant to an agreement, the KEB's primary banker has provided the KEB with a demand credit facility for operating purposes. The credit facility, authorized to a maximum of \$70,000, is payable on demand with no fixed terms of repayment and bears interest at the rate of prime plus 3.78%, payable monthly. As at March 31, 2021, \$Nil (2020 - \$Nil) has been drawn on the credit facility.

The credit facility is secured by a general security agreement over the KEB's assets, as well as a cash collateral agreement assigning guaranteed investment certificates in the amount of \$104,052 (2020 - \$100,900).

KINOOMAADZIWIN EDUCATION BODY

Notes to Financial Statements (continued)

Year ended March 31, 2021

3. Capital assets:

2021	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 56,104	\$ 42,078	\$ 14,026
Computers and equipment	119,148	78,095	41,053
Computer software	54,490	54,490	–
	\$ 229,742	\$ 174,663	\$ 55,079

2020	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 56,104	\$ 25,247	\$ 30,857
Computers and equipment	90,736	50,838	39,898
Computer software	54,490	41,141	13,349
	\$ 201,330	\$ 117,226	\$ 84,104

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,060 (2020 - \$15,518), which includes amounts payable for payroll taxes.

5. Deferred revenue:

Deferred revenue represents externally or internally restricted contributions which are unspent at year-end and which relate to expenses of future periods:

	Balance at March 31, 2020	Restricted inflows	Revenue recognized in the period	Balance at March 31, 2021
Amounts deferred:				
ISC – Self-Government	\$ 2,313,627	\$ 91,780	\$ (2,313,627)	\$ 91,780
MOE - Operating	310,969	394,269	(310,969)	394,269
Ontario Arts Council	–	10,000	–	10,000
Total	\$ 2,624,596	\$ 496,049	\$ (2,624,596)	\$ 496,049

KINOOMAADZIWIN EDUCATION BODY

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Net Assets - Internally Restricted:

Internally restricted represents unrestricted operating surplus' set aside by management for pre-approved purposes to be spent and utilized at a future date. The reserve consists of the following as at March 31, 2021:

	2021
Operational – Phase 2 of Operational Review	\$ 143,496
Operational – Funding allocated to FY 2021-2022 Budget	1,852,869
Contingency Plan – 3 months	704,794
Information Technology – PowerSchool Post-Secondary Module	200,000
Information Technology – Additional PowerSchool Training	80,000
Equipment Replacement/IT Development	30,000
Government contributions, as reported	\$ 3,011,159

KEB employees will bring forward a plan for the contingency funding for approval by the Board of Directors for expenditure in the upcoming year.

7. Funding reconciliation:

	2021	2020
Deferred revenue, opening	\$ 2,624,596	\$ 1,809,421
Indigenous Services Canada	64,483,691	60,333,069
Ministry of Education	1,435,843	1,950,000
Ontario Arts Council	10,000	–
Employment and Social Development Canada	–	12,239
Deferred revenue, ending	(496,049)	(2,624,596)
Government contributions, as reported	\$ 68,058,081	\$ 61,480,133

8. Related party transactions:

Nipissing First Nation ("NFN") is related by virtue of being a participating First Nation in the Anishnabek Nation Education Agreement, as administered by the KEB. During the year, the KEB paid rent to NFN (and subsidiaries wholly owned by NFN) in the amount of \$69,429 (2020 - \$69,389).

Chippewas of Rama First Nation ("CRFN") is related by virtue of being a participating First Nation in the Anishnabek Nation Education Agreement, as administered by the KEB. During the year, the KEB paid rent to CRFN in the amount of \$2,800 (2020 - \$4,800).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

9. Government funding:

Under the terms of its funding agreements with various governmental agencies, contributions received by the KEB could become repayable in certain circumstances if it is determined that funding was applied toward ineligible costs or if other terms of the agreement have not been met. Management is of the opinion that all conditions have been met.

KINOOMAADZIWIN EDUCATION BODY

Notes to Financial Statements (continued)

Year ended March 31, 2021

10. Commitments:

KEB is committed to minimum annual lease payments under various operating lease for office space as follows:

2022	\$	69,409
2023		69,409
2024		28,920

11. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that KEB will be unable to fulfill its obligations on a timely basis or at a reasonable cost. KEB manages its liquidity by monitoring its operating requirements. KEB prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There is no change in the risk exposures from 2020.

(b) Credit and interest rate risk:

KEB's financial instruments do not expose KEB to a significant concentration of credit or interest rate risk.

(c) Financial risk management objectives:

KEB manages its capital according to its cash needs and in such a way as to maximize investment income without compromising the maintenance of its capital.

(d) Other risks:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on KEB's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to KEB's business is not known at this time.

12. Comparative information:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2021 financial statements.

KINOOMAADZIWIN EDUCATION BODY

Implementation of the Master Education Agreement

Schedule 1 - Schedule of Financial Activity and Change in Program Balance

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Government contributions	\$ 1,352,543	\$ 1,789,514
Expenses:		
Payments to First Nations	788,745	1,084,879
Salaries and benefits	443,029	345,094
Professional fees	97,719	113,831
Rent	10,993	8,819
Travel and training	7,133	226,409
Telephone and communications	3,005	6,253
Office and general	1,919	4,229
	1,352,543	1,789,514
Change in program balance	\$ -	\$ -

KINOOMAADZIWIN EDUCATION BODY

Education Self-Government

Schedule 2 - Schedule of Financial Activity and Change in Program Balance

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Government contributions	\$ 66,705,538	\$ 56,255,157
Other	18,485	1,723
	<u>66,724,023</u>	<u>56,256,880</u>
Expenses:		
Payments to First Nations - JK to Grade 12	40,237,322	40,202,635
Payments to First Nations - Post secondary	21,805,917	14,449,882
Salaries and benefits	897,496	781,523
Professional fees	348,548	354,244
Information technology	127,959	130,707
Rent	80,177	78,611
Office and general	65,426	40,001
Travel and training	52,563	179,608
Capital purchases	28,413	6,208
Insurance	16,320	14,279
Advertising	4,565	13,862
Interest and bank charges	3,767	5,320
Amortization of tangible capital assets	57,437	70,072
Investment in tangible capital assets	(28,413)	(6,208)
	<u>63,697,497</u>	<u>56,320,744</u>
Excess (deficiency) of revenue over expenses before undernoted	3,026,526	(63,864)
Other income:		
Temporary Wage Subsidy	20,436	-
Capital adjustment:		
Amortization of tangible capital assets	(57,437)	(70,072)
Investment in tangible capital assets	28,413	6,208
	<u>(29,024)</u>	<u>(63,864)</u>
Transfer:		
To internally restricted	(3,075,986)	-
Change in program balance	<u>\$ -</u>	<u>\$ -</u>

KINOOMAADZIWIN EDUCATION BODY

One-time Program Funding

Schedule 3 - Schedule of Financial Activity and Change in Program Balance

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Government contributions	\$ -	\$ 3,435,462
Expenses:		
Payments to First Nations - Post secondary	-	3,423,225
Salaries and benefits	-	12,237
	-	3,435,462
Change in program balance	\$ -	\$ -