

Financial Statements of

**KINOOMAADZIWIN  
EDUCATION BODY**

Year ended March 31, 2023

# KINOOMAADZIWIN EDUCATION BODY

Financial Statements Index

Year ended March 31, 2023

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KPMG LLP  
Times Square  
1760 Regent Street, Unit 4  
Sudbury ON P3E 3Z8  
Canada  
Tel 705-675-8500  
Fax 705-675-7586

## INDEPENDENT AUDITOR'S REPORT

To the Directors of the Kinooomaadziwin Education Body

### **Opinion**

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

- the statement of financial position as at March 31, 2023
- 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, 2023, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.

### ***Auditor's 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 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 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.



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- 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 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 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 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 7, 2023

# KINOOMAADZIWIN EDUCATION BODY

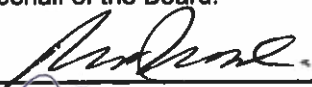
## Statement of Financial Position


March 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 3,099,055	\$ 2,947,785
Accounts receivable	4,098,641	563,317
Investments (note 2)	104,833	104,230
Prepaid expenses	109,896	76,901
	<u>7,412,425</u>	<u>3,692,233</u>
Capital assets (note 3)	17,568	35,601
	<u>\$ 7,429,993</u>	<u>\$ 3,727,834</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 3,966,724	\$ 443,217
Deferred revenue (note 5)	469,335	340,256
	<u>4,436,059</u>	<u>783,473</u>
Net assets:		
Unrestricted	46,794	64,828
Investment in capital assets	17,568	35,601
Internally restricted (note 6)	2,929,572	2,843,932
	<u>2,993,934</u>	<u>2,944,361</u>
Government funding (note 9)		
Commitments (note 11)		
	<u>\$ 7,429,993</u>	<u>\$ 3,727,834</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# KINOOMAADZIWIN EDUCATION BODY

## Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	Budget		
	2023	2023	2022
	(note 10)		
<b>Revenue:</b>			
Government contributions (note 7)	\$ 84,873,007	\$ 94,102,732	\$ 69,318,318
Other	89,625	208,805	50,625
	<u>84,962,632</u>	<u>94,311,537</u>	<u>69,368,943</u>
<b>Expenses:</b>			
Payments to First Nations	80,835,939	89,795,819	66,472,969
Salaries and benefits	1,967,695	1,961,793	1,670,493
Professional services	2,089,193	1,427,399	831,315
Office	91,300	98,265	104,857
Travel and training	869,554	568,564	145,728
Information technology	191,377	188,654	145,529
Rent	114,009	118,335	100,320
Amortization of capital assets	-	18,033	38,507
Promotion	180,000	44,768	24,031
Insurance	28,800	35,407	17,474
Interest and bank charges	5,100	4,927	4,425
	<u>86,372,967</u>	<u>94,261,964</u>	<u>69,555,648</u>
<b>Excess (deficiency) of revenue over expenses</b>			
before undernoted item	(1,410,335)	49,573	(186,705)
<b>Transfer:</b>			
From (to) internally restricted	1,410,335	(85,640)	167,227
<b>Change in program balances</b>	<b>\$ -</b>	<b>\$ (36,067)</b>	<b>\$ (19,478)</b>

See accompanying notes to financial statements.

# KINOOMAADZIWIN EDUCATION BODY

## Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Unrestricted	Investment in capital assets	Internally restricted (note 6)	2023	2022
Net assets, beginning of year	\$ 64,828	\$ 35,601	\$ 2,843,932	\$ 2,944,361	\$ 3,131,066
Excess (deficiency) of revenue over expenses	67,606	(18,033)	-	49,573	(186,705)
Transfer from (to) internally restricted	(85,640)	-	85,640	-	-
Net assets, end of year	\$ 46,794	\$ 17,568	\$ 2,929,572	\$ 2,993,934	\$ 2,944,361

See accompanying notes to financial statements.



# KINOOMAADZIWIN EDUCATION BODY

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 49,573	\$ (186,705)
Adjustments for:		
Amortization of capital assets	18,033	38,507
	67,606	(148,198)
Changes in non-cash operating working capital:		
Increase in accounts receivable	(3,535,324)	(391,261)
Increase in prepaid expenses	(32,995)	(8,028)
Increase in accounts payable and accrued liabilities	3,523,507	204,940
Increase (decrease) in deferred revenue	129,079	(155,793)
	151,873	(498,340)
Capital activities:		
Purchase of capital assets	-	(19,029)
Investing activities:		
Purchase of investments	(603)	-
Increase (decrease) in cash	151,270	(517,369)
Cash, beginning of year	2,947,785	3,465,154
Cash, end of year	\$ 3,099,055	\$ 2,947,785

See accompanying notes to financial statements.

# KINOOMAADZIWIN EDUCATION BODY

Notes to Financial Statements

Year ended March 31, 2023

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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 support 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, 2023

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## 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 Royal Bank of Canada has provided the KEB with two demand credit facilities for operating purposes. The credit facility 1, authorized to a maximum of \$70,000 and a new credit facility, authorized to a maximum of \$138,000, are payable on demand with no fixed terms of repayment. Both credit facilities are secured by a general security agreement over the KEB's assets, as well as a cash collateral agreement assigning a guaranteed investment certificate, bearing interest at 3%, in the amount of \$104,833 (2022 - \$104,230).

The credit facility 1 bears interest at the rate of prime plus 3.78%, payable monthly. As at March 31, 2023, \$Nil (2022 - \$Nil) has been drawn on the credit facility.

The new credit facility bears fees on a transaction-by-transaction basis. As at March 31, 2023, \$Nil has been drawn on the credit facility.

# KINOOMAADZIWIN EDUCATION BODY

Notes to Financial Statements (continued)

Year ended March 31, 2023

### 3. Capital assets:

2023	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 56,104	\$ 56,104	\$ –
Computers and equipment	138,177	120,609	17,568
Computer software	54,490	54,490	–
	\$ 248,771	\$ 231,203	\$ 17,568

2022	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 56,104	\$ 56,104	\$ –
Computers and equipment	138,177	102,576	35,601
Computer software	54,490	54,490	–
	\$ 248,771	\$ 213,170	\$ 35,601

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$110,938 (2022 - \$34,991), 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, 2022	Restricted inflows	Revenue recognized in the period	Balance at March 31, 2023
Amounts deferred:				
CIRNAC – Self-Government	\$ 250,962	\$ –	\$ (250,962)	\$ –
MOE – Special Education	89,294	150,000	(236,577)	2,717
MOE - Operating	–	50,000	–	50,000
Ontario Arts Council	–	40,860	–	40,860
ISC – FNIY Work Experience	–	72,327	–	72,327
ISC – Education Partnership Program	–	553,986	(260,555)	293,431
ISC – Innovation	–	60,000	(50,000)	10,000
Total	\$ 340,256	\$ 927,173	\$ (798,094)	\$ 469,335

# KINOOMAADZIWIN EDUCATION BODY

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 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, 2023:

	2023
Implementation of Organizational Review	\$ 114,195
REC Resource Development	1,147,392
Fiscal Negotiations	200,000
Information Technology	298,308
PFN Facilitation and Engagement	578,272
Existing Projects	591,405
	<u>\$ 2,929,572</u>

## 7. Funding reconciliation:

	2023	2022
Deferred revenue, opening	\$ 340,256	\$ 496,049
Government of Canada	91,394,043	67,653,714
Ministry of Education	2,837,768	1,483,811
Ontario Arts Council	-	25,000
Deferred revenue, ending	(469,335)	(340,256)
	<u>\$ 94,102,732</u>	<u>\$ 69,318,318</u>

## 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 \$69,409 (2022 - \$69,409).

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, 2023

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## 10. Budget information:

The budget adopted was not prepared on a basis consistent with that used to report actual results according to Canadian public sector accounting standards. As a result, the budget figures presented in the statement of operations represent the financial plan adopted with adjustment as follows:

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Annual deficit per approved budget	\$ (1,410,335)
Add:	
Transfer from internally restricted reserves	1,410,335
Annual surplus per revised budget	\$ —

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## 11. Commitments:

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

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2024	\$ 28,920
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## 12. 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 2022.

(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.

# KINOOMAADZIWIN EDUCATION BODY

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## **13. Comparative information:**

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the current year 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, 2023, with comparative information for 2022

	Budget 2023 (note 10)	2023	2022
<b>Revenue:</b>			
Government contributions - provincial	\$ 2,790,714	\$ 2,637,768	\$ 1,778,080
<b>Expenses:</b>			
Payments to First Nations	1,440,537	1,597,356	1,012,390
Salaries and benefits	771,277	647,945	542,095
Professional fees	125,000	71,436	139,409
Rent	25,200	20,696	12,253
Travel and training	323,700	282,688	62,756
Telephone and communications	-	5,386	-
Advertising	105,000	10,167	-
Office and general	-	2,094	9,177
	2,790,714	2,637,768	1,778,080
<b>Change in program balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



# KINOOMAADZIWIN EDUCATION BODY

## Education Self-Government

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

Year ended March 31, 2023, with comparative information for 2022

	Budget 2023 (note 10)	2023	2022
<b>Revenue:</b>			
Government contributions - federal	\$ 74,401,761	\$ 79,093,293	\$ 59,481,999
Other	89,625	164,594	50,625
	<u>74,491,386</u>	<u>79,257,887</u>	<u>59,532,624</u>
<b>Expenses:</b>			
Payments to First Nations	71,973,497	76,378,443	57,402,340
Salaries and benefits	1,173,518	1,313,848	1,128,398
Professional fees	1,586,466	728,716	524,679
Information technology	181,377	164,762	145,529
Rent	88,809	97,640	88,067
Office and general	26,300	96,194	95,680
Travel and training	533,854	229,824	82,972
Capital purchases	30,000	-	19,029
Insurance	28,800	35,407	17,474
Advertising	75,000	34,601	24,031
Interest and bank charges	5,100	4,927	4,425
Amortization of tangible capital assets	-	18,033	38,507
Investment in tangible capital assets	-	-	(19,029)
	<u>75,702,721</u>	<u>79,102,395</u>	<u>59,552,102</u>
Excess (deficiency) of revenue over expenses before undernoted	(1,211,335)	155,492	(19,478)
<b>Capital adjustment:</b>			
Amortization of tangible capital assets	-	(18,033)	(38,507)
Investment in tangible capital assets	-	-	19,029
	<u>(1,211,335)</u>	<u>(18,033)</u>	<u>(19,478)</u>
<b>Transfer:</b>			
From (to) internally restricted	1,211,335	(173,525)	-
<b>Change in program balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# KINOOMAADZIWIN EDUCATION BODY

## Fiscal Negotiations

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

Year ended March 31, 2023, with comparative information for 2022

	Budget 2023 (note 10)	2023	2022
Revenue:			
Other	\$ -	\$ 44,211	\$ -
Expenses:			
Professional fees	199,000	132,096	167,227
Deficiency of revenue over expenses before undernoted	(199,000)	(87,885)	(167,227)
Transfer:			
From internally restricted	199,000	87,885	167,227
Change in program balance	\$ -	\$ -	\$ -

# KINOOMAADZIWIN EDUCATION BODY

## ISC Education Partnership Program

### Schedule 4 - Schedule of Financial Activity and Change in Program Balance

Year ended March 31, 2023, with comparative information for 2022

	Budget 2023 (note 10)	2023	2022
Revenue:			
Government contributions - federal	\$ -	\$ 260,555	\$ -
Expenses:			
Professional fees	-	256,000	-
Travel	-	4,555	-
	-	260,555	-
Change in program balance	\$ -	\$ -	\$ -

# KINOOMAADZIWIN EDUCATION BODY

## Canadian Heritage Language and Cultural Revitalization

### Schedule 5 - Schedule of Financial Activity and Change in Program Balance

Year ended March 31, 2023, with comparative information for 2022

	Budget 2023 (note 10)	2023	2022
Revenue:			
Government contributions - federal	\$ -	\$ 54,519	\$ -
Expenses:			
Travel and meetings	-	27,656	-
Professional fees	-	26,863	-
	-	54,519	-
Change in program balance	\$ -	\$ -	\$ -

# KINOOMAADZIWIN EDUCATION BODY

## ISC Education Contributions

Schedule 6 - Schedule of Financial Activity and Change in Program Balance

Year ended March 31, 2023, with comparative information for 2022

	Budget 2023 (note 10)	2023	2022
Revenue:			
Government contributions - federal	\$ 7,450,532	\$ 11,820,020	\$ 8,058,239
Expenses:			
Payments to First Nations	7,421,905	11,762,393	8,058,239
Project management	28,627	57,627	-
	7,450,532	11,820,020	8,058,239
Change in program balance	\$ -	\$ -	\$ -

# KINOOMAADZIWIN EDUCATION BODY

## Ontario Arts Council

### Schedule 7 - Schedule of Financial Activity and Change in Program Balance

Year ended March 31, 2023, with comparative information for 2022

	Budget 2023 (note 10)	2023	2022
Revenue:			
Government contributions - provincial	\$ -	\$ 23,559	\$ 35,000
Expenses:			
Program materials	-	23,559	10,550
Excess of revenue over expenses before undernoted	-	-	24,450
Transfer:			
To internally restricted	-	-	(24,450)
Change in program balance	\$ -	\$ -	\$ -

# KINOOMAADZIWIN EDUCATION BODY

## Ministry of Education Special Education

### Schedule 8 - Schedule of Financial Activity and Change in Program Balance

Year ended March 31, 2023, with comparative information for 2022

	Budget 2023 (note 10)	2023	2022
Revenue:			
Government contributions - provincial	\$ 230,000	\$ 236,577	\$ 10,706
Expenses:			
Salaries and benefits	22,900	-	-
Professional fees	150,100	212,289	10,706
Information technology	-	18,506	-
Capital purchases	10,000	-	-
Office and general	35,000	5,500	-
Travel and meetings	12,000	282	-
	230,000	236,577	10,706
Change in program balance	\$ -	\$ -	\$ -