

CFS 2018-19

624

K'OMOKS FIRST NATION

Financial Statements

March 31, 2019

K'OMOKS FIRST NATION

Financial Statements

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K'OMOKS FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2019

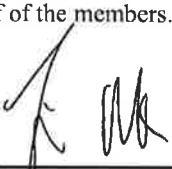
The accompanying financial statements of the K'omoks First Nation as at March 31, 2019 and for the year ended are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately accounted for and adequately safeguarded.

The K'omoks First Nation Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Chief and Council reviews the financial statements and approves them. Chief and Council meets 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 financial statements and the independent auditor's report. Chief and Council consider their findings when approving the financial statements for issuance to the Members.

The financial statements have been approved by Chief and Council. In addition, these financial statements have been audited by Chan Nowosad Boates Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Chan Nowosad Boates Inc. has full access to Chief and Council.



Tina McLean
Band Administrator
July 10, 2019



INDEPENDENT AUDITORS' REPORT

To the Members of the K'omoks First Nation

Opinion

We have audited the accompanying financial statements of the K'omoks First Nation (the "Nation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

In our opinion, the Nation's financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2019, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

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 Nation'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 intends for the Nation to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Nation'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 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 the users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks 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, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

Other Matters

The financial statements for the year ended March 31, 2018 were audited by another firm of Chartered Professional Accountants who expressed an unqualified opinion on those financial statements on August 7, 2018.

Char Nossal Boate Inc.

Chartered Professional Accountants
Courtenay, BC

July 10, 2019

K'OMOKS FIRST NATION

Statement of Financial Position

March 31, 2019

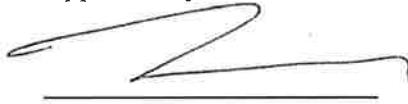
2019

2018

(Note 15)

	\$	\$
FINANCIAL ASSETS		
Cash and Cash Equivalents	6,876,067	9,467,845
Portfolio Investments (Note 2)	8,415,475	-
Trust Funds Held by Federal Government (Note 3)	81,786	81,767
Accounts Receivable (Note 4)	197,586	181,010
Loans Receivable (Note 5)	12,344,844	10,068,210
Investment in Government Business Enterprise (Note 6)	<u>4,257,056</u>	<u>3,367,223</u>
	<u>32,172,814</u>	<u>23,166,055</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 7)	356,915	263,146
Deferred Revenue (Note 8)	3,129,744	130,896
Long Term Debt (Note 9)	<u>5,362,501</u>	<u>5,362,501</u>
	<u>8,849,160</u>	<u>5,756,543</u>
NET FINANCIAL ASSETS	<u>23,323,654</u>	<u>17,409,512</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses and Deposits	37,217	36,266
Tangible Capital Assets (Note 10)	<u>3,647,276</u>	<u>3,776,641</u>
	<u>3,684,493</u>	<u>3,812,907</u>
ACCUMULATED SURPLUS	<u>27,008,147</u>	<u>21,222,419</u>
Contingent Liabilities (Note 11)		

Approved by:



Chief



Councilor

K'OMOKS FIRST NATION

Statement of Operations

Year Ended March 31, 2019

	2019		2018
	Actual	Budget	2018
	\$	\$	\$
	<small>(Note 14)</small>	<small>(Note 14)</small>	<small>(Note 15)</small>
Revenues			
Indigenous Services Canada	2,224,821	2,093,521	2,035,921
Ottawa Trust Revenue	1,885	-	2,588
K'omoks First Nation Business Trust	3,612,997	-	1,418,263
Income from Government Business Partnerships	889,833	65,819	454,070
Interest Income	122,642	112,500	81,667
Administration Fees	147,320	159,843	92,878
Province of British Columbia	787,952	478,491	251,563
Rental Income	201,263	208,384	162,903
BC Treaty Commission	721,000	721,000	271,590
Other	<u>1,187,721</u>	<u>634,494</u>	<u>692,009</u>
	<u>9,897,434</u>	<u>4,474,052</u>	<u>5,463,452</u>
Expenditures (Note 12)			
Education	428,349	436,241	394,433
Health	146,004	189,867	79,017
Lands and Economic Development	919,464	1,631,360	657,917
Housing	242,099	248,174	228,440
Community Services	336,878	316,749	394,579
Social Services	243,809	247,927	200,171
Band Government	787,608	823,187	626,395
Treaty	705,058	783,755	622,193
Public Works	283,149	277,250	288,813
Taxation	<u>19,288</u>	<u>17,986</u>	<u>20,791</u>
	<u>4,111,706</u>	<u>4,972,496</u>	<u>3,512,749</u>
Annual Surplus	5,785,728	(498,444)	1,950,703
Accumulated Surplus - Beginning of Year	<u>21,222,419</u>		<u>19,271,716</u>
Accumulated Surplus - End of Year	<u>27,008,147</u>		<u>21,222,419</u>

K'OMOKS FIRST NATION

Statement of Changes in Net Financial Assets

Year Ended March 31, 2019

2019

2018

(Note 15)

	\$	\$
Annual Surplus	5,785,728	1,950,703
Purchase of Tangible Capital Assets	(61,510)	(48,543)
Amortization of Tangible Capital Assets	<u>190,875</u>	<u>205,231</u>
	<u>129,365</u>	<u>156,688</u>
Acquisition of Prepaid Asset	(37,217)	(36,266)
Use of Prepaid Asset	<u>36,266</u>	<u>20,214</u>
	<u>(951)</u>	<u>(16,052)</u>
Increase in Net Financial Assets	5,914,142	2,091,339
Net Financial Assets - Beginning of Year	17,409,512	15,318,173
Net Financial Assets - End of Year	23,323,654	17,409,512

K'OMOKS FIRST NATION

Statement of Cash Flows

Year Ended March 31, 2019

2019

2018

(Note 15)

\$ \$

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	10,603,053	5,380,490
Cash Paid to Suppliers and Employees	(3,828,013)	(3,288,672)
	<u>6,775,040</u>	<u>2,091,818</u>

Cash Flows From Financing Activities:

Proceeds from Long Term Debt		385,694
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Cash Flows From Investing Activities:

Investments in Government Business Partnerships	(889,833)	(49,963)
Distributions from Government Business Partnerships	-	174,753
Investments in Portfolio Investments	<u>(8,415,475)</u>	<u>-</u>
	<u>(9,305,308)</u>	<u>124,790</u>

Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	(61,510)	(48,543)
Increase (Decrease) in Cash and Cash Equivalents	(2,591,778)	2,553,759
Cash and Cash Equivalents - Beginning of Year	9,467,845	6,914,086
Cash and Cash Equivalents - End of Year	6,876,067	9,467,845

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2019

1. Significant Accounting Policies:

a) Basis of Accounting:

These financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board of CPA Canada.

b) Basis of Presentation:

The financial statements include the accounts of the K'omoks First Nation (the "Nation") government administration and the K'omoks First Nation treaty negotiation administration.

The Nation accounts for their investments in government business enterprises (GBE's) or partnerships using the modified equity method. Under the modified equity method of accounting, only the Nation's investment in the business partnerships and the partnerships' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the partnerships that are different from those of the Nation, except that any other comprehensive income of the business partnerships is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

Investments in the following partnerships are accounted for by the modified equity method and, as such, the accounting policies of these enterprises are not adjusted to conform with those of the Nation:

A-Tlegay Fisheries Limited Partnership (18.00%)
Nanwakolas Forestry Limited Partnership (14.648%)
Nanwakolas Carbon Credit Limited Partnership (10.98%)
Nanwakolas Offset Limited Partnership (11.88%)
Nanwakolas Timber Limited Partnership (20.648%)

c) Asset Classification:

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets and prepaid expenses. Intangible assets, and items inherited by right of the Crown, are not recognized in the financial statements.

d) Cash and Cash Equivalents:

Cash and cash equivalents includes cash on hand, balances with banks, and term deposits. Cash subject to restrictions that prevent its use for current purposes is reflected in restricted cash.

e) Tangible Capital Assets:

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided for using the following rates and methods:

Buildings	4%	declining balance
Vehicles	30%	declining balance
Equipment	20%	declining balance
Drainage System	5%	declining balance
Subdivision	5%	declining balance
Fence	10%	declining balance
Campground Improvements	5%	declining balance
Website	45%	declining balance

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued):

e) Tangible Capital Assets (continued):

Tangible Capital Assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net writedowns are accounted for as expenses in the statement of operations.

f) Loans Receivable:

Loans receivable are initially recorded at cost, and thereafter at the lower of cost and net realizable value. Interest income is recognized in the period earned, and ceases to be earned if the collection of the outstanding principal and interest amounts are not reasonably assured.

g) Portfolio Investments:

Portfolio investments are comprised entirely of funds invested with a third-party investment advisor, including fixed income, equities, and short term cash investments. Portfolio investments are carried entirely at market value.

h) 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 an 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 stipulations give rise to any obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the liabilities are settled.

Contributions 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.

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

i) Measurement Uncertainty:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the report amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

j) Liability for Contaminated Sites:

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2019

1. Significant Accounting Policies (continued):

j) Liability for Contaminated Sites (continued):

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2019, no liability for contaminated sites exists.

2. Portfolio Investments:

Portfolio investments includes \$8,415,475 (2018 - \$0) in funds invested with a third-party investment advisor, invested in fixed income, equities, and short term cash investments. These investments are carried at market value. The cost base of the investments at March 31, 2019 was \$8,282,947 (2018 - \$0).

3. Trust Funds Held by Federal Government:

	<u>2018</u> \$	<u>Additions</u> \$	<u>Withdrawals</u> \$	<u>2019</u> \$
Revenue	924	1,700	1,681	943
Capital	<u>80,843</u>	<u>-</u>	<u>-</u>	<u>80,843</u>
	<u>81,767</u>	<u>1,700</u>	<u>1,681</u>	<u>81,786</u>

The Trust Funds Held by Federal Government arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

4. Accounts Receivable:

	<u>2019</u> \$	<u>2018</u> \$
Due from Members		
Nation Members	55,783	44,465
Allowance for Doubtful Accounts	<u>(40,162)</u>	<u>(30,648)</u>
	<u>15,621</u>	<u>13,817</u>
Due from Others		
Province of British Columbia	98,800	50,000
Interest	-	3,754
Other	<u>83,165</u>	<u>113,439</u>
	<u>181,965</u>	<u>167,193</u>
Net Accounts Receivable	<u>197,586</u>	<u>181,010</u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2019

5. Loans Receivable:

	<u>2019</u> \$	<u>2018</u> \$
Rosewall Forest Tenure Management Limited Partnership: unsecured, carrying no specific interest, repayable by way of annual payments equal to cash available for distribution in the preceding fiscal period. Payment due within 90 days after the end of the fiscal period, December 31	-	175,000
K'omoks Economic Development Corporation: no specific terms of repayment or stated interest rate	11,759	11,760
K'omoks Economic Development Corporation Trust: no specific terms of repayment or stated interest rate	8,500	8,500
Pentlatch Seafoods Limited Partnership: no specific terms of repayment or stated interest rate	-	161,363
KFN Economic Development Limited Partnership: no specific terms of repayment or stated interest rate	4,655,838	4,655,838
K'omoks First Nation Training, Education, Capacity Trust: no specific terms of repayment or stated interest rate	525,000	525,000
K'omoks First Nation Business Trust: no specific terms of repayment or stated interest rate	<u>7,143,747</u> <u>12,344,844</u>	<u>4,530,749</u> <u>10,068,210</u>

6. Investment in Government Business Partnerships:

The Nation's investment in a Government Business Partnerships consists of the following:

	<u>2019</u> \$	<u>2018</u> \$
A-Tlegay Fisheries Limited Partnership	740,700	594,714
Nanwakolas Forestry Limited Partnership	58,808	58,243
Nanwakolas Carbon Credit Limited Partnership	68,555	8,724
Nanwakolas Offset Limited Partnership	234,879	48,440
Nanwakolas Timber Limited Partnership	<u>3,154,114</u> <u>4,257,056</u>	<u>2,657,102</u> <u>3,367,223</u>

A-Tlegay Fisheries Limited Partnership acquires and manages various fishing licences and quota. These licences and quota are made available through negotiations with the Federal Government under the Pacific Integrated Commercial Fisheries Initiative by the Department of Fisheries and Oceans and acquires and leases fishing vessels and equipment.

Nanwakolas Forestry Limited Partnership and Nanwakolas Timber Limited Partnership harvest and manage timber. Nanwakolas Carbon Credit Limited Partnership and Nanwakolas Offset Limited Partnership verifies and sells carbon credits on the open market.

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2019

6. Investment in Government Business Partnerships (continued):

	Quota Businesses	Forestry Businesses	Carbon Credit Businesses	Total 2019	Total 2018
	\$	\$	\$	\$	\$
Total Assets	<u>4,126,256</u>	<u>15,639,952</u>	<u>3,332,819</u>	<u>23,099,027</u>	<u>16,865,977</u>
Total Liabilities	10,841	160,641	849,535	1,021,017	124,273
Total Equity	<u>4,115,415</u>	<u>15,479,311</u>	<u>2,483,284</u>	<u>22,078,010</u>	<u>16,741,704</u>
Total Liabilities and Equity	<u>4,126,256</u>	<u>15,639,952</u>	<u>3,332,819</u>	<u>23,099,027</u>	<u>16,865,977</u>
Revenue	1,065,992	2,525,721	2,818,139	6,409,852	3,259,409
Expenses	<u>254,878</u>	<u>114,791</u>	<u>703,877</u>	<u>1,073,546</u>	<u>583,936</u>
Net Income	<u>811,114</u>	<u>2,410,930</u>	<u>2,114,262</u>	<u>5,336,306</u>	<u>2,675,473</u>

7. Accounts Payable and Accrued Liabilities:

	2019	2018
	\$	\$
Trade Payables	325,035	234,455
Wages Payable	31,880	28,691
	<u>356,915</u>	<u>263,146</u>

8. Deferred Revenue:

	2018	Funding Received	Revenue Recognized	2019
	\$	\$	\$	\$
Indigenous Services Canada:				
Subdivision #3064	4,017	-	4,017	-
NORHA #4888	19,961	-	19,961	-
NAHS Housing #127001	90,000	-	90,000	-
P&ID Lands Plan	-	22,825	7,867	14,958
Land Use Planning	-	150,000	16,023	133,977
C&PD	-	10,000	6,877	3,123
IR#2 Expansion	-	2,720,737	-	2,720,737
A&C Water and PRV Rep.	-	104,740	49,336	55,404
Groundwater Seepage & Dr.	-	54,000	36,574	17,426
Greenshore Erosion	-	93,275	47,772	45,503
	<u>113,978</u>	<u>3,155,577</u>	<u>278,427</u>	<u>2,991,128</u>
Other:				
BC Hydro - Capital	5,793	-	5,793	-
BC Hydro - Other	9,015	88,200	72,023	25,192
Province of BC	2,000	98,800	2,000	98,800
Education	110	4,000	160	3,950
Miscellaneous	-	19,900	9,226	10,674
	<u>16,918</u>	<u>210,900</u>	<u>89,202</u>	<u>138,616</u>
Total	130,896	3,366,477	367,629	3,129,744

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2019

9. Long Term Debt:

	<u>2019</u> \$	<u>2018</u> \$
Indigenous Services Canada - Treaty Loan	<u>5,362,501</u>	<u>5,362,501</u>

As part of the 2019 Federal Budget announced on March 19, 2019, the Federal Government (the "Government") stated that all outstanding Treaty loans would be forgiven. As at March 31, 2019, as well as the date of the audit report on these financial statements, the Government has not yet formally approved and enacted legislation around the forgiveness of outstanding Treaty loans and balances owing.

10. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2019 \$	2018 \$
Buildings	4,728,598	42,568	-	4,771,166	1,910,816	113,565	-	2,024,381	2,746,785	2,817,782
Campground Improvements	380,260	-	-	380,260	189,936	9,516	-	199,452	180,808	190,324
Vehicles	149,554	-	-	149,554	82,600	20,086	-	102,686	46,868	66,954
Drainage Systems	424,255	-	-	424,255	211,912	10,617	-	222,529	201,726	212,343
Subdivision	804,165	-	-	804,165	415,514	19,433	-	434,947	369,218	388,651
Fence	8,450	-	-	8,450	7,245	120	-	7,365	1,085	1,205
Equipment	307,774	18,942	-	326,716	208,392	17,538	-	225,930	100,786	99,382
	<u>6,803,056</u>	<u>61,510</u>	<u>-</u>	<u>6,864,566</u>	<u>3,026,415</u>	<u>190,875</u>	<u>-</u>	<u>3,217,290</u>	<u>3,647,276</u>	<u>3,776,641</u>

11. Contingent Liabilities and Commitments:

The Nation has entered into contribution agreements with various Federal Government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

The Nation is contingently liable for \$218,550 with respect to its guarantee of loans made by Canada Mortgage and Housing Corporation to band members for homes built on reserve.

The Nation is contingently liable for \$378,563 (2018 - \$148,570) with respect to its guarantee of loans made by BMO to band members for homes built on reserve.

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2019

12. Schedule of Expenses by Object:

	<u>2019</u> \$	<u>2018</u> \$
Administration	57,286	56,447
Adult Care	16,632	11,945
Amortization	190,874	205,230
Bad Debts	-	19,709
Basic and Special Needs	104,662	72,924
Committee Fees	-	2,923
Consulting	180,036	102,489
Honoraria	57,800	63,731
Insurance	84,241	69,314
Interest and Bank Charges	2,159	3,261
Material and Supplies	1,546,246	1,060,633
Meeting	206,144	204,208
Negotiations	115,713	103,423
Office and Sundry	57,328	53,482
Professional Fees	227,067	432,881
Rent	47,400	39,879
Repairs and Maintenance	132,477	77,706
Research	86,430	79,710
Training	8,416	6,436
Travel	29,747	17,824
Utilities and Telephone	197,053	181,361
Wages and Benefits	<u>763,995</u>	<u>647,233</u>
	<u>4,111,706</u>	<u>3,512,749</u>

13. Economic Dependence:

The Nation receives a significant portion of its revenues from Indigenous Services Canada (ISC) as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependant upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

14. Budget Figures:

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council and have not been audited.

15. Comparative Figures:

Certain 2018 comparative figures, which were reported on by another firm of Chartered Professional Accountants, have been reclassified to conform with the financial statement presentation adopted for the current year.

K'OMOKS FIRST NATION

Schedule 1 - Segment Disclosure

March 31, 2019

	Education	Health	Lands and Economic Development	Housing	Community Services	Social Services	Band Government	Treaty	Public Works	Taxation	Total
Revenue											
ISC	408,810	82,759	457,289	236,358	244,047	510,871	267,768	2,207,902			
Other Revenue	<u>19,539</u>	<u>70,273</u>	<u>1,277,054</u>	<u>236,358</u>	<u>5,262,551</u>	<u>305,465</u>	<u>721,000</u>	<u>16,342</u>	<u>17,308</u>	<u>7,689,532</u>	<u>9,897,434</u>
	<u>428,349</u>	<u>153,032</u>	<u>1,734,343</u>		<u>5,262,551</u>	<u>244,047</u>	<u>816,336</u>	<u>721,000</u>	<u>284,110</u>	<u>17,308</u>	
Expenses											
Materials and Supplies	382,397	124,934	409,846	181,955	136,493	67,355	237,566	5,700	1,546,246		
Other		3,700	236,903	52,968	200,385	133,630	233,192	220,341	15,288	1,801,465	
Wages and Benefits	<u>45,952</u>	<u>17,370</u>	<u>272,715</u>	<u>7,176</u>	<u>316,850</u>	<u>42,824</u>	<u>316,850</u>	<u>4,000</u>	<u>763,995</u>	<u>4,111,706</u>	
	<u>428,349</u>	<u>146,004</u>	<u>919,464</u>	<u>242,099</u>	<u>336,878</u>	<u>787,608</u>	<u>243,809</u>	<u>705,058</u>	<u>283,149</u>	<u>19,288</u>	
Annual Surplus (Deficit)		<u>7,028</u>	<u>814,879</u>	<u>(5,741)</u>	<u>4,925,673</u>	<u>238</u>	<u>28,728</u>	<u>15,942</u>	<u>961</u>	<u>(1,980)</u>	<u>5,785,728</u>

