

K'OMOKS FIRST NATION
Financial Statements
March 31, 2020

K'OMOKS FIRST NATION

Financial Statements

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Year Ended March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Chief and Council of K'omoks First Nation

Opinion

We have audited the accompanying financial statements of K'omoks First Nation (the "Nation"), which comprise the statement of financial position as at March 31, 2020, the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 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, 2020, 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.

Responsibilities 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 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

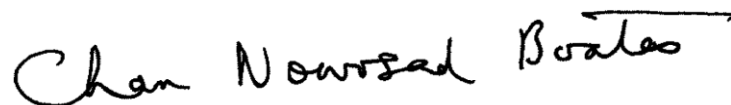
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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 judgment 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 auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.



Chartered Professional Accountants
Courtenay, BC

July 28, 2020

K'OMOKS FIRST NATION

Statement of Financial Position

March 31, 2020

2020

2019

\$

\$

FINANCIAL ASSETS

Cash and Cash Equivalents	7,098,277	6,876,067
Portfolio Investments (Note 2)	7,594,178	8,415,475
Trust Funds Held by Federal Government (Note 3)	80,843	81,786
Accounts Receivable (Note 4)	342,895	197,586
Loans Receivable (Note 5)	12,563,769	12,344,844
Investment in Government Business Enterprise (Note 6)	4,508,343	4,257,056
	<u>32,188,305</u>	<u>32,172,814</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 7)	521,542	356,915
Deferred Revenue (Note 8)	1,811,383	3,129,744
Long Term Debt (Note 9)	-	5,362,501
	<u>2,332,925</u>	<u>8,849,160</u>

NET FINANCIAL ASSETS

29,855,380 23,323,654

NON-FINANCIAL ASSETS

Prepaid Expenses and Deposits	46,417	37,217
Tangible Capital Assets (Note 10)	6,706,090	3,647,276
	<u>6,752,507</u>	<u>3,684,493</u>

ACCUMULATED SURPLUS

36,607,887 27,008,147

Contingent Liabilities and Commitments (Note 11)

Approved by:



Chief



Councilor

K'OMOKS FIRST NATION

Statement of Operations

Year Ended March 31, 2020

	2020		2019
	Actual	Budget	
	\$	\$	\$
	(Note 14)		
Revenues			
Indigenous Services Canada	5,594,322	8,991,327	2,209,903
Ottawa Trust Revenue	2,805	-	1,885
K'omoks First Nation Business Trust	214,510	-	3,612,997
Income from Government Business Partnerships	860,002	60,679	889,833
Interest Income	130,826	63,292	122,642
Administration Fees	82,504	156,348	147,320
Province of British Columbia	476,283	852,619	802,761
Rental Income	189,344	208,185	201,263
BC Treaty Commission	775,780	854,477	721,000
Other	876,520	1,526,300	1,187,830
	<u>9,202,896</u>	<u>12,713,227</u>	<u>9,897,434</u>
Expenditures (Note 12)			
Education	426,979	482,913	428,349
Health	133,258	183,843	146,004
Lands and Economic Development	1,117,086	796,657	919,464
Housing	133,178	6,383,018	245,373
Community Services	344,269	185,149	333,604
Social Services	271,137	234,427	243,809
Band Government	1,396,851	2,248,205	787,608
Treaty	699,655	819,077	705,058
Public Works	413,270	246,033	283,149
Taxation	29,974	16,696	19,288
	<u>4,965,657</u>	<u>11,596,018</u>	<u>4,111,706</u>
Annual Surplus from Operations	4,237,239	<u>1,117,209</u>	5,785,728
Indigenous Services Canada			
Forgiveness of Long Term Debt (Note 9)	<u>5,362,501</u>		-
Annual Surplus	9,599,740		5,785,728
Accumulated Surplus - Beginning of Year	<u>27,008,147</u>		<u>21,222,419</u>
Accumulated Surplus - End of Year	<u>36,607,887</u>		<u>27,008,147</u>

K'OMOKS FIRST NATION

Statement of Changes in Net Financial Assets

Year Ended March 31, 2020

	2020		2019
	Actual	Budget	
	\$	\$	\$
	(Note 14)		
Annual Surplus	<u>9,599,740</u>	<u>1,117,209</u>	<u>5,785,728</u>
Purchase of Tangible Capital Assets	(3,241,078)	(5,941,396)	(61,510)
Disposal of Tangible Capital Assets	417	-	-
Amortization of Tangible Capital Assets	<u>181,847</u>	<u>-</u>	<u>190,875</u>
	<u>(3,058,814)</u>	<u>(5,941,396)</u>	<u>129,365</u>
Acquisition of Prepaid Asset	(46,417)	-	(37,217)
Use of Prepaid Asset	<u>37,217</u>	<u>-</u>	<u>36,266</u>
	<u>(9,200)</u>	<u>-</u>	<u>(951)</u>
Increase (Decrease) in Net Financial Assets	6,531,726	<u>(4,824,187)</u>	5,914,142
Net Financial Assets - Beginning of Year	<u>23,323,654</u>		<u>17,409,512</u>
Net Financial Assets - End of Year	<u>29,855,380</u>		<u>23,323,654</u>

K'OMOKS FIRST NATION

Statement of Cash Flows

Year Ended March 31, 2020

	2020	2019
	\$	\$
Cash Flows From Operating Activities:		
Cash Received from ISC and Other Sources	7,521,244	10,603,053
Cash Paid to Suppliers and Employees	<u>(4,628,383)</u>	<u>(3,828,013)</u>
	<u>2,892,861</u>	<u>6,775,040</u>
Cash Flows From Financing Activities:		
	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities:		
Investments in Government Business Enterprise	(251,287)	(889,833)
Investments in Portfolio Investments	<u>821,297</u>	<u>(8,415,475)</u>
	<u>570,010</u>	<u>(9,305,308)</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	(3,241,078)	(61,510)
Disposition of Tangible Capital Assets	<u>417</u>	<u>-</u>
	<u>(3,240,661)</u>	<u>(61,510)</u>
Increase (Decrease) in Cash and Cash Equivalents	222,210	(2,591,778)
Cash and Cash Equivalents - Beginning of Year	<u>6,876,067</u>	<u>9,467,845</u>
Cash and Cash Equivalents - End of Year	<u><u>7,098,277</u></u>	<u><u>6,876,067</u></u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2020

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%)
Nanwakolas Timber Limited Partnership - Investment in Knight Inlet Grizzly Lodge Ltd. (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.

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued):

e) Tangible Capital Assets (continued):

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

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

Investments in limited partnerships which the Nation does not control or significantly influence are accounted for as portfolio investments using the cost method. Investments will be recorded at cost and any share of income received will be recognized as income when received or receivable.

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.

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2020

1. Significant Accounting Policies (continued):

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, 2020.

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, 2020, no liability for contaminated sites exists.

k) Loan Guarantees

The Nation accounts for losses due to loan guarantees when it is determined they are likely. When a loss is likely a provision for the estimated loss is recorded as a liability and in the statement of operations. The loss to be recognized takes into account the principal, accrued interest, and recoverable amount from the borrower and from sale of pledged assets. In management's view, no provision for loss is required at March 31, 2020.

2. Portfolio Investments:

Portfolio investments includes funds invested with a third-party investment advisor recorded at market value and investments in limited partnerships recorded at cost, as follows:

		<u>2020</u>	<u>2019</u>
		\$	\$
Portfolio Investments - Market Value	Leith Wheeler	7,594,068	8,415,475
Portfolio Investments - Cost	BC Gaming LP	<u>110</u>	<u>-</u>
		<u>7,594,178</u>	<u>8,415,475</u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2020

3. Trust Funds Held by Federal Government:

	<u>2019</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2020</u>
	\$	\$	\$	\$
Revenue	943	2,805	3,748	-
Capital	<u>80,843</u>	<u>-</u>	<u>-</u>	<u>80,843</u>
	<u>81,786</u>	<u>2,805</u>	<u>3,748</u>	<u>80,843</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>2020</u>	<u>2019</u>
	\$	\$
Due from Members		
Nation Members	55,570	55,783
Allowance for Doubtful Accounts	<u>(40,162)</u>	<u>(40,162)</u>
	<u>15,408</u>	<u>15,621</u>
Due from Others		
Province of British Columbia	27,000	98,800
Other	<u>300,487</u>	<u>83,165</u>
	<u>327,487</u>	<u>181,965</u>
Net Accounts Receivable	<u>342,895</u>	<u>197,586</u>

5. Loans Receivable:

	<u>2020</u>	<u>2019</u>
	\$	\$
K'omoks Economic Development Corporation: no specific terms of repayment or stated interest rate	11,759	11,759
K'omoks Economic Development Corporation Trust: no specific terms of repayment or stated interest rate	8,500	8,500
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	529,415	525,000
K'omoks First Nation Business Trust: no specific terms of repayment or stated interest rate	<u>7,358,257</u>	<u>7,143,747</u>
	<u>12,563,769</u>	<u>12,344,844</u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2020

6. Investment in Government Business Enterprise:

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

	<u>2020</u>	<u>2019</u>
	\$	\$
A-Tlegay Fisheries Limited Partnership	853,259	740,700
Nanwakolas Forestry Limited Partnership	(1,352)	58,808
Nanwakolas Carbon Credit Limited Partnership	7,326	68,555
Nanwakolas Offset Limited Partnership	338,660	234,879
Nanwakolas Timber Limited Partnership	3,146,298	3,154,114
Nanwakolas Timber LP - Investment in Knight Inlet Grizzly Tours Ltd.	<u>164,152</u>	<u>-</u>
	<u>4,508,343</u>	<u>4,257,056</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.

Knight Inlet Grizzly Tours Ltd. (the "Lodge") operates the Knight Inlet Lodge that provides Grizzly Tours. It is wholly owned by the Nanwakolas Timber Limited Partnership (the "Timber LP") but its operations are not reflected within the financial statements of the Timber LP as it is not consolidated into the Timber LP financial statements, with the Timber LP reporting under Accounting Standards for Private Enterprises (ASPE) and accounting for the investment in the Lodge at cost. The Lodge has an October 31st year end. For the remainder of this note, its operations are presented as combined with the Nanwakolas Timber Limited Partnership.

	Quota Businesses \$	Forestry Businesses \$	Carbon Credit Businesses \$	Total 2020 \$	Total 2019 \$
Total Assets	<u>4,126,256</u>	<u>23,626,892</u>	<u>3,117,880</u>	<u>30,871,028</u>	<u>23,099,027</u>
Total Liabilities	10,841	3,377,176	210,359	3,598,376	1,021,017
Total Equity	<u>4,115,415</u>	<u>20,249,716</u>	<u>2,907,521</u>	<u>27,272,652</u>	<u>22,078,010</u>
Total Liabilities and Equity	<u>4,126,256</u>	<u>23,626,892</u>	<u>3,117,880</u>	<u>30,871,028</u>	<u>23,099,027</u>
Revenue	1,065,992	7,740,573	2,307,195	11,113,760	6,409,852
Expenses	<u>254,878</u>	<u>5,584,991</u>	<u>169,230</u>	<u>6,009,099</u>	<u>1,073,546</u>
Net Income	<u>811,114</u>	<u>2,155,582</u>	<u>2,137,965</u>	<u>5,104,661</u>	<u>5,336,306</u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2020

7. Accounts Payable and Accrued Liabilities:

	<u>2020</u>	<u>2019</u>
	\$	\$
Trade Payables	491,171	325,035
Wages Payable	<u>30,371</u>	<u>31,880</u>
	<u>521,542</u>	<u>356,915</u>

8. Deferred Revenue:

	<u>2019</u>	<u>Funding</u>	<u>Revenue</u>	<u>2020</u>
	\$	Received	Recognized	\$
		\$	\$	
Indigenous Services Canada (ISC):				
Fish Studies	-	180,086	107,528	72,558
Land Management	-	213,262	151,543	61,719
Asset Management Plan	-	103	-	103
P&ID Lands Plan	14,958	22,130	14,958	22,130
Housing	-	48,541	29,875	18,666
Family Violence Prevention	-	80,603	68,830	11,773
Education	-	225,415	191,014	34,401
Land Use Planning	133,977	-	133,977	-
P&ID Community Planning	-	43,800	-	43,800
C&PD	3,123	-	3,123	-
IR#2 Expansion	2,720,737	154,463	2,104,334	770,866
IR#1 Phase 2	-	1,484,604	903,746	580,858
A&C Water and PRV Rep.	55,404	-	46,516	8,888
Groundwater Seepage/ Drainage	17,426	-	6,223	11,203
Greenshore Erosion	<u>45,503</u>	<u>-</u>	<u>37,632</u>	<u>7,871</u>
	<u>2,991,128</u>	<u>2,453,007</u>	<u>3,799,299</u>	<u>1,644,836</u>
Other:				
BC Hydro	25,192	20,961	18,806	27,347
Province of BC	98,800	-	61,538	37,262
Education	3,950	-	3,950	-
Miscellaneous	<u>10,674</u>	<u>101,938</u>	<u>10,674</u>	<u>101,938</u>
	<u>138,616</u>	<u>122,899</u>	<u>94,968</u>	<u>166,547</u>
Total	<u>3,129,744</u>	<u>2,575,906</u>	<u>3,894,267</u>	<u>1,811,383</u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2020

9. Long Term Debt:

The Nation had previously signed promissory notes and First Nation Negotiation Support Agreements totaling \$5,362,501 as at March 31, 2019, representing advances made by Canada for negotiations.

As of March 31, 2020 the total amount of \$5,362,501 in comprehensive land claim negotiation loan debt was forgiven by Canada.

10. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2020 \$	2019 \$
Land	-	175,000	-	175,000	-	-	-	-	175,000	-
Buildings	4,771,166	21,095	-	4,792,261	2,024,381	110,293	-	2,134,674	2,657,587	2,746,785
Campground Improvements	380,260	-	-	380,260	199,452	9,040	-	208,492	171,768	180,808
Vehicles	149,554	15,000	-	164,554	102,686	16,310	-	118,996	45,558	46,868
Drainage Systems	424,255	-	-	424,255	222,529	10,086	-	232,615	191,640	201,726
Subdivision	804,165	-	-	804,165	434,947	18,461	-	453,408	350,757	369,218
Fence	8,450	-	-	8,450	7,365	108	-	7,473	977	1,085
Equipment	326,716	21,903	4,853	343,766	225,930	17,549	4,436	239,043	104,723	100,786
Projects under Development	-	3,008,080	-	3,008,080	-	-	-	-	3,008,080	-
	<u>6,864,566</u>	<u>3,241,078</u>	<u>4,853</u>	<u>10,100,791</u>	<u>3,217,290</u>	<u>181,847</u>	<u>4,436</u>	<u>3,394,701</u>	<u>6,706,090</u>	<u>3,647,276</u>

11. Contingent Liabilities and Commitments:

a) Loan 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 \$195,493 (2019 - \$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 \$564,396 (2019 - \$378,536) with respect to its guarantee of loans made by BMO to band members for homes built on reserve.

b) Contract Commitments

The Nation entered into two long term contracts in the fiscal year for the IR#1 and IR#2 expansion projects. Each of the contracts are to be completed in fiscal 2021. As at March 31, 2020, the remaining contract costs to the Nation are as follows:

	\$
IR#1 Subdivision	99,891
IR#2 Subdivision	<u>379,492</u>
	<u>479,383</u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2020

12. Schedule of Expenses by Object:

	<u>2020</u>	<u>2019</u>
	\$	\$
Administration	40,627	57,286
Adult Care	19,260	16,632
Amortization	181,848	190,874
Basic and Special Needs	125,052	104,662
Consulting	249,246	180,036
Honoraria	103,877	57,800
Insurance	92,945	84,241
Interest and Bank Charges	5,417	2,159
Material and Supplies	2,046,609	1,546,246
Meeting	223,359	206,144
Negotiations	153,979	115,713
Office and Sundry	68,852	57,328
Professional Fees	373,770	227,067
Rent	47,400	47,400
Repairs and Maintenance	57,788	132,477
Research	6,715	86,430
Training	1,064	8,416
Travel	34,403	29,747
Utilities and Telephone	305,863	197,053
Wages and Benefits	<u>827,583</u>	<u>763,995</u>
	<u>4,965,657</u>	<u>4,111,706</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.

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2020

15. Subsequent Event:

The Nation evaluated its March 31, 2020 financial statements for subsequent events to the date the financial statements were issued. As of this date, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to have a material negative impact on Government Business Enterprises of the Nation for the year ending March 31, 2021.

The extent that the effects of COVID-19 may have on the Nation and its operations during the year ending March 31, 2021 is not determinable at this time.

16. Comparative Figures:

Certain comparative figures 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, 2020

	Education \$	Health \$	Lands and Economic Development \$	Housing \$	Community Services \$	Social Services \$	Band Government \$	Treaty \$	Public Works \$	Taxation \$	Total \$
Revenue											
ISC	369,771	70,970	3,507,657	112,663	-	359,935	1,016,358	-	156,968	-	5,594,322
Other Revenue	<u>56,506</u>	<u>62,288</u>	<u>933,111</u>	<u>15,523</u>	<u>1,472,837</u>	<u>2,799</u>	<u>202,541</u>	<u>775,780</u>	<u>71,010</u>	<u>16,179</u>	<u>3,608,574</u>
	<u>426,277</u>	<u>133,258</u>	<u>4,440,768</u>	<u>128,186</u>	<u>1,472,837</u>	<u>362,734</u>	<u>1,218,899</u>	<u>775,780</u>	<u>227,978</u>	<u>16,179</u>	<u>9,202,896</u>
Expenses											
Materials and Supplies	379,562	113,832	480,821	116,238	69,442	71,102	781,828	7,347	26,437	-	2,046,609
Other	-	4,411	304,693	1,609	269,997	157,695	315,149	692,308	317,504	28,099	2,091,465
Wages and Benefits	<u>47,417</u>	<u>15,015</u>	<u>331,572</u>	<u>15,331</u>	<u>4,830</u>	<u>42,340</u>	<u>299,874</u>	<u>-</u>	<u>69,329</u>	<u>1,875</u>	<u>827,583</u>
	<u>426,979</u>	<u>133,258</u>	<u>1,117,086</u>	<u>133,178</u>	<u>344,269</u>	<u>271,137</u>	<u>1,396,851</u>	<u>699,655</u>	<u>413,270</u>	<u>29,974</u>	<u>4,965,657</u>
Annual Surplus (Deficit) from Operations	(702)	-	3,323,682	(4,992)	1,128,568	91,597	(177,952)	76,125	(185,292)	(13,795)	4,237,239
ISC Loan Forgiveness	-	-	-	-	-	-	-	<u>5,362,501</u>	-	-	<u>5,362,501</u>
Annual Surplus (Deficit)	<u>(702)</u>	<u>-</u>	<u>3,323,682</u>	<u>(4,992)</u>	<u>1,128,568</u>	<u>91,597</u>	<u>(177,952)</u>	<u>5,438,626</u>	<u>(185,292)</u>	<u>(13,795)</u>	<u>9,599,740</u>