

K'OMOKS FIRST NATION
Financial Statements
March 31, 2021

K'OMOKS FIRST NATION

Financial Statements

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K'OMOKS FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


March 31, 2021

The Chief and Council of the K'omoks First Nation has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of K'omoks First Nation. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

K'omoks First Nation's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly K'omoks First Nation's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of the K'omoks First Nation as at March 31, 2021.

A handwritten signature in dark ink, reading "Jenny Millar", is positioned above a solid horizontal line.

Jenny Millar, Band Administrator
August 26, 2021



INDEPENDENT AUDITORS' REPORT

To Chief and Council and 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, 2021, 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 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, 2021, and its financial performance and 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 Auditors' 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 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 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 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 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.

Chan Nawrood Boatis Inc

Chartered Professional Accountants
Courtenay, BC

August 26, 2021

K'OMOKS FIRST NATION

Statement of Financial Position

March 31, 2021

2021

2020

\$

\$

FINANCIAL ASSETS

Cash and Cash Equivalents	7,099,306	7,098,277
Portfolio Investments (Note 2)	10,100,753	7,594,178
Trust Funds Held by Federal Government (Note 3)	80,843	80,843
Accounts Receivable (Note 4)	724,724	342,895
Loans Receivable (Note 5)	14,656,594	12,563,769
Investment in Government Business Enterprise (Note 6)	4,062,679	4,508,343
	<u>36,724,899</u>	<u>32,188,305</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 7)	309,127	521,542
Deferred Revenue (Note 8)	1,449,479	1,811,383
Loan Payable (Note 9)	248,063	-
Long Term Debt (Note 10)	11,950	-
	<u>2,018,619</u>	<u>2,332,925</u>

NET FINANCIAL ASSETS

34,706,280 29,855,380

NON-FINANCIAL ASSETS

Prepaid Expenses and Deposits	48,042	46,417
Tangible Capital Assets (Note 11)	10,764,679	6,706,090
	<u>10,812,721</u>	<u>6,752,507</u>

ACCUMULATED SURPLUS


45,519,001 36,607,887

Contingent Liabilities and Commitments (Note 12)

Approved by:



Chief



Councilor

K'OMOKS FIRST NATION

Statement of Operations

Year Ended March 31, 2021

	2021		2020
	Actual	Budget	
	\$	\$	\$
	(Note 15)		
Revenues			
Indigenous Services Canada	4,872,267	4,712,064	5,594,322
Ottawa Trust Revenue	758	-	2,805
K'omoks First Nation Business Trust	3,488,483	-	214,510
Income (Loss) from Government Business Partnerships	(5,708)	85,000	860,002
Interest Income	61,247	110,000	130,826
Administration Fees	48,560	79,900	82,504
Province of British Columbia	501,889	1,042,710	476,283
Rental Income	195,989	188,110	189,344
BC Treaty Commission	853,200	853,200	775,780
Other	<u>6,050,291</u>	<u>2,516,941</u>	<u>876,520</u>
	<u>16,066,976</u>	<u>9,587,925</u>	<u>9,202,896</u>
Expenditures (Note 13)			
Education	404,162	220,480	426,979
Health	165,124	333,320	133,258
Lands and Economic Development	1,936,779	1,038,619	1,117,086
Housing	934,917	1,737,171	133,178
Community Services	400,754	120,500	344,269
Social Services	309,180	417,960	271,137
Band Government	1,634,107	2,044,187	1,396,851
Treaty	857,943	1,003,612	699,655
Public Works	463,300	554,270	413,270
Taxation	<u>49,596</u>	<u>43,480</u>	<u>29,974</u>
	<u>7,155,862</u>	<u>7,513,599</u>	<u>4,965,657</u>
Annual Surplus from Operations	8,911,114	<u>2,074,326</u>	4,237,239
Indigenous Services Canada			
Forgiveness of Long Term Debt	-		<u>5,362,501</u>
Annual Surplus	8,911,114		9,599,740
Accumulated Surplus - Beginning of Year	<u>36,607,887</u>		<u>27,008,147</u>
Accumulated Surplus - End of Year	<u>45,519,001</u>		<u>36,607,887</u>

K'OMOKS FIRST NATION

Statement of Changes in Net Financial Assets

Year Ended March 31, 2021

	2021		2020
	Actual	Budget	
	\$	\$	\$
		(Note 15)	
Annual Surplus	<u>8,911,114</u>	<u>2,074,326</u>	<u>9,599,740</u>
Purchase of Tangible Capital Assets	(4,295,913)	-	(3,241,078)
Disposal of Tangible Capital Assets	11,748	-	417
Amortization of Tangible Capital Assets	<u>225,576</u>	<u>-</u>	<u>181,847</u>
	<u>(4,058,589)</u>	<u>-</u>	<u>(3,058,814)</u>
Acquisition of Prepaid Asset	(48,042)	-	(46,417)
Use of Prepaid Asset	<u>46,417</u>	<u>-</u>	<u>37,217</u>
	<u>(1,625)</u>	<u>-</u>	<u>(9,200)</u>
Increase in Net Financial Assets	<u>4,850,900</u>	<u>2,074,326</u>	<u>6,531,726</u>
Net Financial Assets - Beginning of Year	<u>29,855,380</u>		<u>23,323,654</u>
Net Financial Assets - End of Year	<u>34,706,280</u>		<u>29,855,380</u>

K'OMOKS FIRST NATION

Statement of Cash Flows

Year Ended March 31, 2021

	2021	2020
	\$	\$
Cash Flows From Operating Activities:		
Cash Received from ISC and Other Sources	10,680,714	7,432,608
Cash Paid to Suppliers and Employees	<u>(7,144,326)</u>	<u>(4,628,383)</u>
	<u>3,536,388</u>	<u>2,804,225</u>
Cash Flows From Financing Activities:		
Loan Proceeds Received	<u>260,013</u>	<u>-</u>
Cash Flows From Investing Activities:		
Distributions from Government Business Partnerships	439,957	608,715
Investments in Portfolio Investments	<u>48,836</u>	<u>49,931</u>
	<u>488,793</u>	<u>658,646</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	(4,295,913)	(3,241,078)
Disposition of Tangible Capital Assets	<u>11,748</u>	<u>417</u>
	<u>(4,284,165)</u>	<u>(3,240,661)</u>
Increase in Cash and Cash Equivalents	1,029	222,210
Cash and Cash Equivalents - Beginning of Year	<u>7,098,277</u>	<u>6,876,067</u>
Cash and Cash Equivalents - End of Year	<u>7,099,306</u>	<u>7,098,277</u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2021

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, 2021

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, 2021

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, 2021.

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, 2021, 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 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, 2021.

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>2021</u>	<u>2020</u>
		\$	\$
Portfolio Investments - Market Value	Leith Wheeler	10,100,643	7,594,068
Portfolio Investments - Cost	BC Gaming LP	<u>110</u>	<u>110</u>
		<u>10,100,753</u>	<u>7,594,178</u>

Market value of the Leith Wheeler investments includes an unrealized gain of \$1,162,591 (2020 - unrealized loss of \$1,019,740).

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2021

3. Trust Funds Held by Federal Government:

	<u>2020</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2021</u>
	\$	\$	\$	\$
Revenue	-	758	758	-
Capital	<u>80,843</u>	<u>-</u>	<u>-</u>	<u>80,843</u>
	<u>80,843</u>	<u>758</u>	<u>758</u>	<u>80,843</u>

The Trust Funds Held by the Federal Government arise from monies derived from capital 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>2021</u>	<u>2020</u>
	\$	\$
Due from Members		
Nation Members	87,014	55,570
Allowance for Doubtful Accounts	<u>(32,961)</u>	<u>(40,162)</u>
	<u>54,053</u>	<u>15,408</u>
Due from Others		
Province of British Columbia	244,173	27,000
Other	<u>426,498</u>	<u>300,487</u>
	<u>670,671</u>	<u>327,487</u>
Net Accounts Receivable	<u>724,724</u>	<u>342,895</u>

5. Loans Receivable:

	<u>2021</u>	<u>2020</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	533,757	529,415
K'omoks First Nation Business Trust: no specific terms of repayment or stated interest rate	<u>9,446,740</u>	<u>7,358,257</u>
	<u>14,656,594</u>	<u>12,563,769</u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2021

6. Investment in Government Business Enterprise:

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

	<u>2021</u>	<u>2020</u>
	\$	\$
A-Tlegay Fisheries Limited Partnership	931,005	853,259
Nanwakolas Forestry Limited Partnership	-	(1,352)
Nanwakolas Carbon Credit Limited Partnership	6,916	7,326
Nanwakolas Offset Limited Partnership	89,095	338,660
Nanwakolas Timber Limited Partnership	3,035,663	3,310,450
	<u>4,062,679</u>	<u>4,508,343</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. During the year ending March 31, 2021 Nanwakolas Forestry Limited Partnerships assets were distributed to the limited partners and the limited partnership was dissolved.

Nanwakolas Timber Limited Partnership (the "Timber LP") is presented on a consolidated basis which includes the balance that would be allocated to NTLP from Knight Inlet Grizzly Tours Ltd ("KIGT"). KIGT operates the Knight Inlet Lodge that provides Grizzly Tours. It is wholly owned by 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 KIGT at cost. KIGT 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 2021 \$	Total 2020 \$
Total Assets	<u>13,603,229</u>	<u>22,759,606</u>	<u>1,930,666</u>	<u>38,293,501</u>	<u>30,871,028</u>
Total Liabilities	8,430,459	3,845,073	1,124,449	13,399,981	3,598,376
Total Equity	<u>5,172,770</u>	<u>18,914,533</u>	<u>806,217</u>	<u>24,893,520</u>	<u>27,272,652</u>
Total Liabilities and Equity	<u>13,603,229</u>	<u>22,759,606</u>	<u>1,930,666</u>	<u>38,293,501</u>	<u>30,871,028</u>
Revenue	714,267	1,201,001	2,298,624	4,213,892	11,113,760
Expenses	<u>282,298</u>	<u>3,196,055</u>	<u>699,734</u>	<u>4,178,087</u>	<u>6,009,099</u>
Net Income (Loss)	<u>431,969</u>	<u>(1,995,054)</u>	<u>1,598,890</u>	<u>35,805</u>	<u>5,104,661</u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2021

7. Accounts Payable and Accrued Liabilities:

	<u>2021</u>	<u>2020</u>
	\$	\$
Trade Payables	267,144	491,171
Wages Payable	<u>41,983</u>	<u>30,371</u>
	<u>309,127</u>	<u>521,542</u>

8. Deferred Revenue:

	<u>2020</u>	<u>Funding</u>	<u>Revenue</u>	<u>2021</u>
	\$	Received	Recognized	\$
		\$	\$	
Indigenous Services Canada (ISC):				
Fish Studies	72,558	-	-	72,558
Land Management	61,719	279,519	294,604	46,634
Asset Management Plan	103	40,000	40,103	-
P&ID Lands Plan	22,130	-	22,130	-
Housing	18,666	22,957	-	41,623
Family Violence Prevention	11,773	83,346	43,332	51,787
Education	34,401	435,062	359,926	109,537
P&ID Community Planning	43,800	-	38,275	5,525
IR#2 Expansion	770,866	846,652	1,617,518	-
IR#1 Roads and Bridges	580,858	55,366	581,818	54,406
COVID	-	359,364	301,764	57,600
Income Assistance	-	376,833	278,133	98,700
Emergency Management	-	16,029	-	16,029
Enrolment & Ratification	-	393,816	1,450	392,366
Capacity Action Plan	-	154,066	149,572	4,494
Community Development Plan	-	178,552	178,352	200
Post Effective Date Enforcement	-	125,911	125,544	367
Socio-Economic Indicators	-	163,006	99,093	63,913
A&C Water and PRV Rep.	8,888	-	8,888	-
Groundwater Seepage/ Drainage	11,203	152,946	161,252	2,897
Greenshore Erosion	<u>7,871</u>	<u>-</u>	<u>7,871</u>	<u>-</u>
	<u>1,644,836</u>	<u>3,683,425</u>	<u>4,309,625</u>	<u>1,018,636</u>
Other:				
BC Hydro	27,347	43,600	11,496	59,451
Province of BC	37,262	266,000	37,262	266,000
Miscellaneous	<u>101,938</u>	<u>139,161</u>	<u>135,707</u>	<u>105,392</u>
	<u>166,547</u>	<u>448,761</u>	<u>184,465</u>	<u>430,843</u>
Total	<u><u>1,811,383</u></u>	<u><u>4,132,186</u></u>	<u><u>4,494,090</u></u>	<u><u>1,449,479</u></u>

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2021

9. Loan Payable:

The loan payable balance consists of a multi-loan reducing term facility with held with CIBC. The purpose of the term facility is to provide members of the Nation who are pre-approved for new home mortgages the funds for new home construction. The Nation's term facility may not exceed \$3,000,000. Amounts owing are payable on demand. As at March 31, 2021, the Nation has \$2,751,937 available to it (2020 - \$0). Interest of commercial prime is charged on the outstanding balance of the facility.

10. Long Term Debt:

Long term debt consists of \$11,950 owing to the Government of Canada regarding a Specific Claims negotiation. Debt is interest-free and matures the earlier of March 25, 2025 or the date on which the Specific Claim is settled.

11. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2021 \$	2020 \$
Land	175,000	1,738,100	-	1,913,100	-	-	-	-	1,913,100	175,000
Buildings	4,792,261	115,668	-	4,907,929	2,134,674	108,617	-	2,243,291	2,664,638	2,657,587
Campground Improvements	380,260	-	-	380,260	208,492	8,588	-	217,080	163,180	171,768
Vehicles	164,554	19,163	-	183,717	118,996	16,542	-	135,538	48,179	45,558
Drainage Systems	424,255	-	-	424,255	232,615	9,582	-	242,197	182,058	191,640
Subdivision	3,812,245	2,337,104	-	6,149,349	453,408	58,301	-	511,709	5,637,640	3,358,837
Fence	8,450	29,032	-	37,482	7,473	1,549	-	9,022	28,460	977
Equipment	343,766	24,361	24,330	343,797	239,043	17,524	12,582	243,985	99,812	104,723
Computer Software	-	32,485	-	32,485	-	4,873	-	4,873	27,612	-
	<u>10,100,791</u>	<u>4,295,913</u>	<u>24,330</u>	<u>14,372,374</u>	<u>3,394,701</u>	<u>225,576</u>	<u>12,582</u>	<u>3,607,695</u>	<u>10,764,679</u>	<u>6,706,090</u>

During the year the Nation entered into a bare trust agreement with 1278389 B.C. Ltd. (the "Company"), providing the Nation a 51% beneficial interest in all assets and liabilities of the Company. The Company is a wholly owned subsidiary of the Comox Valley Project Watershed Society ("CVPWS"). Following the signing of the bare trust agreement the Company with funds provided to it by CVPWS purchased the Kus Kus Sum land located at 1901 Comox Road (the "Land"). The remaining beneficial interest of 49% in the Company is held by the City of Courtenay. On February 26, 2021 upon closing of the purchase of the Land, CVPWS by way of the Company and the bare trust agreement was considered to have donated 51% of the Land to the Nation, which at its fair market value was \$1,670,100. CVPWS is responsible for all improvements and upgrades to the Land.

12. 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 \$412,492 (2020 - \$195,493) 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 \$671,522 (2020 - \$564,396) 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, 2021

13. Schedule of Expenses by Object:

	<u>2021</u>	<u>2020</u>
	\$	\$
Administration	81,782	40,627
Adult Care	21,891	19,260
Amortization	225,576	181,848
Basic and Special Needs	189,492	125,052
Consulting	556,731	249,246
Honoraria	112,675	103,877
Insurance	44,787	92,945
Interest and Bank Charges	8,950	5,417
Material and Supplies	3,409,405	2,046,609
Meeting	220,874	223,359
Negotiations	166,150	153,979
Office and Sundry	86,747	68,852
Professional Fees	579,145	373,770
Rent	47,400	47,400
Repairs and Maintenance	134,583	57,788
Research	2,250	6,715
Training	9,187	1,064
Travel	5,251	34,403
Utilities and Telephone	366,548	305,863
Wages and Benefits	<u>886,438</u>	<u>827,583</u>
	<u>7,155,862</u>	<u>4,965,657</u>

14. 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.

15. 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.

16. COVID-19:

The global outbreak of the coronavirus disease (COVID-19) continues to cause economic uncertainties that are likely to have a material impact on the operations of the Nation and its Government Business Enterprises. The extent of the continued impact of COVID-19 on the Nation and its Government Business Enterprises operations for the year ended March 31, 2022 cannot be determined at this time.

K'OMOKS FIRST NATION

Notes to the Financial Statements

March 31, 2021

17. Comparative Figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

18. Segment Disclosure:

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Education:

Education contains activities that provide education and facilitate educational opportunities to members for primary and secondary schooling and adult vocational training.

Health:

Health contains activities that provide health services, medical services, financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Lands Economic Development:

Lands and Economic Development contains activities that are involved in the development of the community and the development and operation of economic opportunities.

Housing:

Housing contains activities that relate to on reserve housing.

Community Services:

Community Services contains various activities and support administered from own-source revenues.

Social Services:

Social Services contains activities relating to social assistance and other family services provided to the members of the Nation.

Band Government:

Band Government includes general operations, support, and financial management of the Nation, including treaty related matters.

Treaty:

Treaty contains activities associated with the treaty negotiations between the Nation, the province and the federal government.

Public Works:

Public Works includes revenue and expenses associated with the maintenance of roads, water, sewer and community buildings within the Nation.

Taxation:

Taxation includes the provision of municipal services funded by property taxes charged to land users.

K'OMOKS FIRST NATION

Schedule 1 - Segment Disclosure

March 31, 2021

	Education \$	Health \$	Lands and Economic Development \$	Housing \$	Community Services \$	Social Services \$	Band Government \$	Treaty \$	Public Works \$	Taxation \$	Total \$
Revenue											
ISC	359,926	83,123	2,097,399	479,169	-	348,841	1,314,299	1,450	188,060	-	4,872,267
Other Revenue	<u>34,240</u>	<u>90,305</u>	<u>1,118,803</u>	<u>452,775</u>	<u>6,677,021</u>	<u>-</u>	<u>1,854,803</u>	<u>853,200</u>	<u>55,444</u>	<u>58,118</u>	<u>11,194,709</u>
	394,166	173,428	3,216,202	931,944	6,677,021	348,841	3,169,102	854,650	243,504	58,118	16,066,976
Expenses											
Materials and Supplies	342,226	119,798	692,880	899,514	64,140	47,238	717,256	7,347	143,797	-	3,034,196
Other	9,688	4,925	917,725	6,722	331,385	231,288	632,606	850,596	203,197	47,096	3,235,228
Wages and Benefits	<u>52,248</u>	<u>40,401</u>	<u>326,174</u>	<u>28,681</u>	<u>5,229</u>	<u>30,654</u>	<u>284,245</u>	<u>-</u>	<u>116,306</u>	<u>2,500</u>	<u>886,438</u>
	404,162	165,124	1,936,779	934,917	400,754	309,180	1,634,107	857,943	463,300	49,596	7,155,862
Annual Surplus (Deficit)	<u>(9,996)</u>	<u>8,304</u>	<u>1,279,423</u>	<u>(2,973)</u>	<u>6,276,267</u>	<u>39,661</u>	<u>1,534,995</u>	<u>(3,293)</u>	<u>(219,796)</u>	<u>8,522</u>	<u>8,911,114</u>