

KWAKIUTL BAND COUNCIL
Consolidated Financial Statements

March 31, 2021

MANAGEMENT REPORT

March 31, 2021

The Council of the Kwakiutl Band Council has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Kwakiutl Band Council. 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.

Kwakiutl Band Council's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly Kwakiutl Band Council'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 Kwakiutl Band Council as at March 31, 2021.



Noramay Isaac, Senior Administrator
January 20, 2022



INDEPENDENT AUDITOR'S REPORT

To the Members of the Kwakiutl Band Council,

Opinion

We have audited the consolidated financial statements of the Kwakiutl Band Council (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Band in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Band or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 Band'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 Band'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 consolidated 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 Band to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Nwosu and Boates Inc

Chartered Professional Accountants
Campbell River, BC

January 20, 2022

KWAKIUTL BAND COUNCIL

Consolidated Statement of Financial Position

March 31, 2021

2021

2020

(Note 15)

FINANCIAL ASSETS

Cash and Cash Equivalents - Unrestricted	\$ 6,856,124	\$ 3,722,918
Cash and Cash Equivalents - Restricted (Note 2)	1,822,225	1,547,990
Trust Funds Held by Federal Government (Note 3)	69,752	67,113
Accounts Receivable (Note 4)	1,608,728	989,960
Due from Government and		
Other Government Organizations (Note 5)	185,602	356,487
Investment in Government Business Enterprise (Note 6)	3,898,188	3,484,603
	<u>14,440,619</u>	<u>10,169,071</u>

LIABILITIES

Accounts Payable (Note 7)	822,254	443,921
Deferred Revenue (Note 8)	2,472,006	537,790
Long Term Debt (Note 9)	<u>1,801,426</u>	<u>1,960,906</u>
	<u>5,095,686</u>	<u>2,942,617</u>

NET FINANCIAL ASSETS

9,344,933 7,226,454

NON-FINANCIAL ASSETS

Prepaid Expenses	83,580	90,154
Tangible Capital Assets (Notes 9 and 10)	<u>14,965,776</u>	<u>14,173,474</u>
	<u>15,049,356</u>	<u>14,263,628</u>

ACCUMULATED SURPLUS (Note 12)

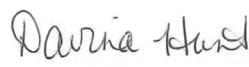
\$ 24,394,289 \$ 21,490,082

Contingent Liabilities (Note 11)

Approved on behalf of Chief and Council:



Chief



Councillor

KWAKIUTL BAND COUNCIL

Consolidated Statement of Operations

Year Ended March 31, 2021

	2021		2020
	Actual	Budget (Note 19)	(Note 15)
Revenues			
Indigenous Services Canada	\$ 3,043,240	\$ 2,694,450	\$ 2,456,475
Provincial Government Transfers	2,010,569	1,291,600	444,001
Canada Mortgage and Housing Corporation	51,442	-	-
Fisheries and Oceans Canada	214,651	290,000	293,925
First Nation Health Authority	863,146	1,039,600	934,688
Rent	85,340	121,000	79,026
Amounts Earned and Held in Trust (Note 3)	2,639	-	3,592
Enterprise Revenues	1,619,836	1,547,300	1,712,033
North Vancouver Island Aboriginal Training Society	108,677	106,300	63,420
First Nations Education Steering Committee	256,188	445,000	271,675
Earnings from Government Business Enterprise (Note 6)	628,227	-	219,300
Other	<u>1,824,325</u>	<u>1,900,000</u>	<u>1,277,109</u>
	<u>10,708,280</u>	<u>9,435,250</u>	<u>7,755,244</u>
Expenditures (Note 21)			
Administration	1,983,259	1,609,672	1,132,823
Health	970,168	1,016,832	978,547
Education	2,740,145	1,351,643	2,355,004
Social Development	701,157	592,095	470,674
Land and Resources	230,693	198,231	208,141
Daycare	238,192	171,190	261,074
Fisheries Management	201,961	115,000	181,961
Community Economic Development	208,630	200,000	198,726
Band Housing	282,513	846,000	376,761
Enterprise	26,088	523	77,218
Enterprise - Member Distributions	<u>221,267</u>	<u>246,600</u>	<u>1,093,500</u>
	<u>7,804,073</u>	<u>6,347,786</u>	<u>7,334,429</u>
Annual Surplus from Operations			
Indigenous Services Canada Forgiveness of Long Term Debt	2,904,207	3,087,464	420,815
	<u>-----</u>	<u>-----</u>	<u>1,828,575</u>
Annual Surplus	\$ 2,904,207	\$ 3,087,464	\$ 2,249,390

KWAKIUTL BAND COUNCIL

Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2021

	2021		2020
	Actual	Budget	(Note 15)
Accumulated Surplus - Beginning of Period	\$ 21,490,082	\$ 21,490,082	\$ 19,240,692
Annual Surplus	<u>2,904,207</u>	<u>3,087,464</u>	<u>2,249,390</u>
Accumulated Surplus - End of Period	<u>\$ 24,394,289</u>	<u>\$ 24,577,546</u>	<u>\$ 21,490,082</u>

KWAKIUTL BAND COUNCIL

Consolidated Statement of Change in Net Assets

Year Ended March 31, 2021

2021

2020

(Note 15)

Annual Surplus	\$ 2,904,207	\$ 2,249,390
Tangible Capital Assets Purchased	(1,471,355)	(628,699)
Amortization of Tangible Capital Assets	679,053	666,030
	(792,302)	37,331
Inventory Used	-	4,648
Acquisition of Prepaid Asset	(83,580)	(90,154)
Use of Prepaid Asset	90,154	70,153
	6,574	(20,001)
Increase in Net Financial Assets	2,118,479	2,271,368
Net Financial Assets - Beginning of Period	<u>7,226,454</u>	<u>4,955,086</u>
Net Financial Assets - End of Period	<u>\$ 9,344,933</u>	<u>\$ 7,226,454</u>

KWAKIUTL BAND COUNCIL

Consolidated Statement of Cash Flows

Year Ended March 31, 2021

2021

2020

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 11,563,746	\$ 7,845,671
Cash Paid to Suppliers and Employees	(6,678,146)	(4,710,063)
Interest Paid	(61,967)	(66,668)
	<u>4,823,633</u>	<u>3,068,940</u>

Cash Flows From Financing Activities:

Repayment of Long Term Debt	<u>(159,480)</u>	<u>(1,055,360)</u>
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Cash Flows From Investing Activities:

Advances from (to) KNDC	<u>214,643</u>	<u>(405,981)</u>
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Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(1,471,355)</u>	<u>(628,699)</u>
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Increase in Cash and Cash Equivalents 3,407,441 978,900

Cash and Cash Equivalents - Beginning of Period 5,270,908 4,292,008

Cash and Cash Equivalents - End of Period \$ 8,678,349 \$ 5,270,908

Cash and Cash Equivalents Consist of:

Cash and Cash Equivalents - Unrestricted	\$ 6,856,124	\$ 3,722,918
Cash and Cash Equivalents - Restricted	<u>1,822,225</u>	<u>1,547,990</u>
	<u>\$ 8,678,349</u>	<u>\$ 5,270,908</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated 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.

b) Basis of Presentation:

The consolidated financial statements include the accounts of the Kwakiutl Band Council (the "Band") and an organization that is controlled by the Band, 0819357 B.C. Ltd. (the "Controlled Entity"). Government business partnerships are accounted for using the modified equity method

All controlled entities are fully consolidated on a line-by-line basis except for a commercial enterprise, Kwakiutl National Development Corporation. This corporation meets the definition of a government business enterprise, Kwakiutl Nation Development Corporation, which is included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

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, property under development, and prepaid expenses. Intangible assets, and items inherited by right of the First Nation, are not recognized in the consolidated financial statements.

d) 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. Works of art and historic treasures are not recorded as assets in the financial statements.

Amortization is provided for using the following rates and methods:

Boat	15%	declining balance
Daycare Centre and Learning Centre	25 years	straight-line
Equipment	5 years	straight-line
Computer Equipment	45%	declining balance
Vehicles	30%	declining balance
Computer Software	100%	declining balance
Xyntax Software and Server	10 years	straight-line
Hydro Project	20 years	straight-line
Water System	20 years	straight-line
Website	20%	declining balance
Buildings, Housing and Schools	25 years	straight-line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Band'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.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

1. Significant Accounting Policies (continued):

e) 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.

f) Investment in Government Business Enterprise:

The Band accounts for their investment in a controlled government business enterprise using the modified equity method. This business enterprise is Kwakiutl Nation Development Corporation.

Under the modified equity method of accounting, only the Band's investment in the business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Band, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

g) Measurement Uncertainty:

The preparation of consolidated 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 consolidated 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.

2. Cash and Cash Equivalents - Restricted:

During the year ended March 31, 2016 the Band passed a Band Council Resolution ("BCR") requiring that all funds received from Royalties be maintained in a separate bank account and not drawn from without approval in the form of a BCR.

On December 4, 2020 the Band passed a budget allowing for up to \$1,326,012 of the restricted amount to be transferred to specific programs. At March 31, 2021, of the approved amount of \$1,326,012, approximately \$1,300,679 of the approved amount had been spent or had been transferred as part of a reserve for future program spending.

The restricted balance at March 31, 2021 was \$1,822,225 (2020 - \$1,547,990).

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

2. Cash and Cash Equivalents - Restricted (continued):

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the Band must set aside funds annually for the repair, maintenance and replacement of worn out assets.

These funds with accumulated interest, must be held in a separate bank accounts. The funds are to be invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC with any interest earned to be credited as to the replacement reserve. The funds in the account may only be used for CMHC approved expenditures.

The band is also required to maintain a separate bank account for the operating surplus resulting from operation of the program under the agreement, known as the operating reserve. At March 31, 2021 the Band had not yet opened a separate bank account for the CMHC operating or replacement reserves.

3. Trust Funds Held by Federal Government:

	<u>2020</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2021</u>
Revenue	\$ 67,113	\$ 2,639	\$ -	\$ 69,752

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>2021</u>	<u>2020</u>
Due from Members		
Rent	\$ 459,105	\$ 299,127
Band Housing	<u>388,954</u>	<u>388,145</u>
	<u>848,059</u>	<u>687,272</u>
Due from Others		
Royalties	633,945	625,806
Other	<u>863,724</u>	<u>402,638</u>
	<u>1,497,669</u>	<u>1,028,444</u>
Less: Allowance for Doubtful Accounts	<u>(737,000)</u>	<u>(725,756)</u>
	<u>\$ 1,608,728</u>	<u>\$ 989,960</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

5. Due from Government and Other Government Organizations:

	<u>2021</u>	<u>2020</u>
Federal Government		
Indigenous Services Canada	\$ 25,388	\$ 143,114
Fisheries and Oceans Canada	140,152	145,845
Other Government Organizations	20,062	67,528
	<u>\$ 185,602</u>	<u>\$ 356,487</u>

6. Investment in Government Business Enterprise:

	<u>2021</u>	<u>2020</u>
Kwakiutl Nation Development Corporation (100%)		
Shares	\$ 3	\$ 3
Advances	1,686,674	1,901,317
Accumulated share of surplus	2,211,511	1,583,283
	<u>\$ 3,898,188</u>	<u>\$ 3,484,603</u>

The shares in Kwakiutl Nation Development Corporation are held in trust by specified band members under trust agreements. The advances made are without interest or specific repayment terms.

Financial information for Kwakiutl Nation Development Corporation for the year ended March 31, 2021 with comparative information at March 31, 2020 is as follows

	<u>2021</u>	<u>2020</u>
Cash	\$ 807,837	\$ 470,939
Accounts Receivable	531,319	632,014
Inventory	8,756	8,756
Prepaid Expenses	3,020	6,135
Tangible Capital Assets	929,361	1,023,203
Licenses	1,795,550	1,449,950
Total Assets	<u>\$ 4,075,843</u>	<u>\$ 3,590,997</u>
Accounts Payable	\$ 177,661	\$ 106,397
Due to Kwakiutl Band Council	1,686,674	1,901,316
Total Liabilities	<u>1,864,335</u>	<u>2,007,713</u>
Equity	2,211,508	1,583,284
Total Liabilities and Equity	<u>\$ 4,075,843</u>	<u>\$ 3,590,997</u>
Revenues	\$ 1,628,037	\$ 2,049,097
Expenses	1,265,868	1,829,797
Net Income from Operations	362,169	219,300
Other Income	266,058	-
Net Income	<u>\$ 628,227</u>	<u>\$ 219,300</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

7. Accounts Payable:

	<u>2021</u>	<u>2020</u>
Trade Payables	\$ 651,196	\$ 297,016
Accrued Benefits Payable	92,535	103,824
Due to Other Government Organizations	<u>78,523</u>	<u>43,081</u>
	<u>\$ 822,254</u>	<u>\$ 443,921</u>

8. Deferred Revenue:

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Indigenous Services Canada	\$ 235,536	\$ 3,928,213	\$ 3,043,240	\$ 1,120,509
Provincial Government Transfers	30,000	2,261,444	2,010,569	280,875
First Nations Health Authority	229,628	1,386,259	863,146	752,741
Other	<u>42,626</u>	<u>2,466,340</u>	<u>2,191,085</u>	<u>317,881</u>
	<u>\$ 537,790</u>	<u>\$ 10,042,256</u>	<u>\$ 8,108,040</u>	<u>\$ 2,472,006</u>

9. Long Term Debt:

	<u>2021</u>	<u>2020</u>
CIBC:		
Repayable at \$60,877 per year by way of a single annual payment plus accrued interest accrued at prime plus 1.5% per annum; due on demand; matured April 2021, secured by land with a net book value of \$992,933.	\$ -	\$ 47,747
Due on demand; monthly payments of \$10,000 including interest at prime plus 0.75% per annum; secured by building with a net book value of \$9,810,214.	881,414	971,003
CMHC:		
Monthly payments of \$3,574 including interest at .98% per annum; guaranteed by Canada Mortgage and Housing Corporation; maturing April 2045.	<u>920,012</u>	<u>942,156</u>
	<u>\$ 1,801,426</u>	<u>\$ 1,960,906</u>

Interest paid on long term debt for the year ended March 31, 2021 is \$41,769 (2020 - \$59,652).

The Band has a total of \$70,000 in operating lines of credit available at prime + 0.75%. At March 31, 2021 they had not been utilized.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

9. Long Term Debt (continued):

Long term debt principal payments due within each of the next five years and beyond is estimated to be as follows:

	\$
2021	127,183
2022	130,543
2023	134,005
2024	137,571
2025 and beyond	1,272,124

10. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2021	2020
Capital:										
Land	\$ 572,945	\$ -	\$ -	\$ 572,945	\$ -	\$ -	\$ -	\$ -	\$ 572,945	\$ 572,945
Crown Land	40,259	-	-	40,259	-	-	-	-	40,259	40,259
Physical Dev. Plan	502,588	69,118	-	571,706	-	-	-	-	571,706	502,588
Boat	60,250	-	-	60,250	47,358	1,930	-	49,288	10,962	12,892
Daycare Centre	628,782	9,500	-	638,282	445,601	25,160	-	470,761	167,521	183,181
Learning Centre	93,833	-	-	93,833	18,760	3,750	-	22,510	71,323	75,073
Vehicles, Equipment and Software	749,287	105,333	-	854,620	472,285	97,843	-	570,128	284,492	277,002
Hydro Project	46,650	-	-	46,650	40,799	2,300	-	43,099	3,551	5,851
Water System	487,829	-	-	487,829	357,534	19,560	-	377,094	110,735	130,295
Website	25,101	-	-	25,101	15,000	2,500	-	17,500	7,601	10,101
Buildings and Housing	688,318	256,820	-	945,138	532,713	12,740	-	545,453	399,685	155,605
Wagulus School	<u>12,248,705</u>	<u>-</u>	<u>-</u>	<u>12,248,705</u>	<u>1,948,548</u>	<u>489,950</u>	<u>-</u>	<u>2,438,498</u>	<u>9,810,207</u>	<u>10,300,157</u>
	16,144,547	440,771	-	16,585,318	3,878,598	655,733	-	4,534,331	12,050,987	12,265,949
Band Housing:										
Houses	1,966,991	1,030,584	-	2,997,575	1,052,399	23,320	-	1,075,719	1,921,856	914,592
Enterprise:										
Equipment	47,800	-	-	47,800	47,800	-	-	47,800	-	-
0819357 BC Ltd.:										
Land	992,933	-	-	992,933	-	-	-	-	992,933	992,933
Total	\$ 19,152,271	\$ 1,471,355	\$ -	\$ 20,623,626	\$ 4,978,797	\$ 679,053	\$ -	\$ 5,657,850	\$ 14,965,776	\$ 14,173,474

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

11. Contingent Liabilities and Commitments:

- a) The Department of Indigenous Services Canada and the First Nations Health Authority may recover certain program surpluses subsequent to discussion and negotiation with the Band. The ultimate outcome of these negotiations is not determinable at present. Consequently, no provision for potential recoverable surpluses in the current year, if any, is reflected in these consolidated financial statements.
- b) The BC Treaty Commission may recover unexpended funding or allow the Kwakiutl Band Council to retain surplus funds for future expenditures approved by the Commission. Repayment provisions for unexpended funding are outlined in Section 11 of the First Nation Negotiation Support Agreements.
- c) The Band has provided Ministerial Loan Guarantees for housing loans payable to the Canadian Mortgage Housing Corporation (CMHC) and private financial institutions. The outstanding loan balances that have been guaranteed by the Band in 2021 total \$381,012. (2020 - \$251,230). As at March 31, 2020 all of the guaranteed loan balances were in good standing.

12. Accumulated Surplus:

	<u>2021</u>	<u>2020</u>
Equity in Tangible Capital Assets	\$ 13,164,350	\$ 13,154,724
Equity in Ottawa Trust	69,752	67,113
Operating Surplus	<u>11,160,187</u>	<u>8,268,245</u>
	<u>\$ 24,394,289</u>	<u>\$ 21,490,082</u>

13. Portfolio Investments:

The Band holds 1 common share of Gilakas'la Kwa Holdings Ltd. The share, which represents a one third equity interest in Gilakas'la Kwa Holdings Ltd., was acquired for a nominal amount, and as a result is not presented within the statement of financial position. The investment is not traded in an active market and, therefore, its market value approximates its cost, which is nominal.

During the year ended March 31, 2021 the Band received \$236,583 (2020 - \$234,646) in income directly from Gilakas'la Kwa Holdings Ltd.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

14. Retirement Benefits:

The Band and a selection of its employees participate in The Retirement Plan for the Employees of the Participating Employers of the Many Nations Pension Plan (also known as the Many Nations Multi-Employer Pension Plan, or the "Plan").

The Plan is a defined contribution pension plan. The custodian of the plan is Industrial Alliance. Employees' contributions, and the matching employer contributions to the Plan vest immediately following the first contribution made by the employer to the Plan. Members of the Plan are directed to make their own investment decisions and if no decision is made, an investment into a default conservative portfolio is made on their behalf. The retirement age set for Plan participants is 65, but can be extended to 71. There has been no changes to the Plan from the prior period.

During the year ended March 31, 2021, the Band's contribution to the Plan, and the resulting expense to the Band was \$56,559 (2020 - \$42,762).

15. Prior Period Adjustment

During the year ending March 31, 2021, it was identified that the Band's prior year excess of revenue over expenditures from Indigenous Services Canada, First Nation Health Authority, and other government funding had not been deferred.

The Nation's comparative financial information for the year ending March 31, 2020 has been adjusted to reflect the investment and past distributions for the year ending March 31, 2020 as follows:

	<u>2020 as Previously Stated</u>	<u>Adjustment</u>	<u>2020 as Restated</u>
Deferred Revenue	\$ -	\$ 537,790	\$ 537,790
Revenues			
Indigenous Services Canada	2,692,011	235,536	2,456,475
First Nations Health Authority	1,164,316	229,628	934,688
Provincial Government Transfers	474,001	30,000	444,001
Other	1,319,735	42,626	1,277,109

16. Risk Management:

The Band has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The Band has identified its risks and ensures that management monitors and controls them.

a) Credit Risk:

Credit risk is the risk of financial loss to an institution if a customer or counter party to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, amounts receivable and investments.

The Band is primarily exposed to credit risk in their receivables in relation to their amounts due from housing receivables which at March 31, 2021 totaled \$42,938 (2020 - \$56,109).

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

16. Risk Management (Continued):

a) Credit Risk (Continued):

It is management's opinion that the Band is not exposed to significant credit risk associated with its cash deposits and investments as they are placed in recognized British Columbia institutions and the Band invests solely in guaranteed investment certificates.

b) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Band is exposed to interest rate risk through its long term debt. It is management's opinion that the Band is not exposed to significant interest rate risk as it holds adequate cash to resolve outstanding long term debt should interest rates vary significantly.

c) Liquidity Risk:

Liquidity risk is the risk that the Band will not be able to meet its financial obligations as they become due.

The Band manages liquidity risk by continually monitoring cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Band's reputation.

17. Significant Events:

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 Band and its Government Business Enterprises. The extent of the continued impact of COVID-19 on the Band and its Government Business Enterprises operations for the year ended March 31, 2022 cannot be determined at this time.

18. Economic Dependence:

The Nation receives a significant portion of its revenues from 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.

19. 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.

20. Comparative Figures:

Certain 2020 comparative figures have been reclassified, where necessary, to conform with the financial statement presentation adopted in the current year.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

21. Schedule of Expenses by Object:

	<u>2021</u>	<u>2020</u>
Administrative Fees	\$ 22,943	\$ 51,217
Advertising and Promotion	914	3,030
Amortization	679,053	666,030
Bad Debt Expense	45,134	128,814
Basic Support and Allowance	194,091	198,213
Cultural Expense	200	7,200
Food Expense	37,154	39,910
Honoraria	143,189	189,797
Insurance	83,424	52,915
Interest Expense	61,967	66,668
Materials and Supplies	95,000	50,128
Membership Disbursements	221,267	1,110,852
Office and Admin	86,308	103,839
Patient Travel	82,039	183,393
Professional Development	24,630	28,547
Professional Fees	722,148	245,590
Program Supplies	344,416	93,404
Program and Related Activities	569,977	166,156
Rent	3,750	127
Repairs and Maintenance	505,834	454,352
Salaries and Wages	2,691,546	2,383,092
Social Development - Shelter	21,020	23,323
Social Development - Support Expenses	118,512	47,714
Student Allowances	323,667	374,855
Student Tuition	177,051	126,014
Subcontractors	169,917	129,737
Telephone and Utilities	352,479	302,717
Travel	<u>26,443</u>	<u>106,795</u>
	<u>\$ 7,804,073</u>	<u>\$ 7,334,429</u>

22. Segment Disclosure:

The Band 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:

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2021

22. Segment Disclosure (continued):

General Administration:

General Administration contains activities that are needed to manage and administer the Band's organization.

Health:

Health contains activities that provide health and medical services with the goal of improving overall individual and community health.

Education:

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

Social Development:

Social Development contains activities that provide financial support or support by other means to members that is aimed at developing both the individual as well as the community.

Land and Resources:

Land and Resources contains activities in relation to unresolved land claims including negotiation and management of land and resource components.

Daycare:

Daycare provides child care services with the goal of providing a healthy, safe and secure environment for children.

Fisheries Management:

Fisheries management provides fisheries management services for the Band including habitat management, conservation, and managing food fisheries.

Community Economic Development:

Community Economic Development provides services with the intent of increasing the opportunity of economic activities on reserve.

Band Housing:

Housing contains activities that relate to on reserve housing.

Trust:

Trust contains activities that relate trust funds held by the Federal Government.

Enterprise:

Enterprise contains economic activities that generate royalties for members of the Band. Royalties are earned from activities including: fish farming, mineral extraction, power production and rentals.

Treaty:

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

For each segment separately reported, the segment revenue and expense represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements March 31, 2021

22. Segment Disclosure (continued):

Year Ended March 31, 2021:

	Year Ended March 31, 2021:										
	General Administration	Health	Education	Social Development Resources	Land and Development Resources	Daycare	Fisheries Management	Community Economic Development	Band Housing Enterprise	Treaty and Trust	Total
Revenue											
ISC	\$ 1,025,591	\$ -	\$ 1,248,302	\$ 715,668	\$ -	\$ 18,277	\$ 163,826	\$ 35,402	\$ 51,442	\$ -	\$ 3,043,240
Federal	864,940	364,258	-	-	85,693	-	-	1,030,584	-	-	1,530,159
Provincial	389,167	1,160	893,428	-	136,249	-	-	-	-	-	2,450,588
Other	817,702	28,527	73,668	311	225,336	74,332	50,825	65,000	86,956	2,258,997	2,639
	<u>2,232,460</u>	<u>894,627</u>	<u>2,579,656</u>	<u>715,979</u>	<u>225,336</u>	<u>314,551</u>	<u>214,651</u>	<u>100,402</u>	<u>1,168,982</u>	<u>2,258,997</u>	<u>2,639</u>
											<u>10,708,280</u>
Expenditures											
Salaries and Benefits	652,727	426,184	825,659	204,469	151,406	192,405	117,664	50,145	70,887	-	2,691,546
Interest	11,097	387	30,996	782	-	62	-	-	18,579	64	-
Amortization	72,783	14,060	515,950	-	1,520	25,160	23,150	-	26,430	-	679,053
Other	1,246,652	529,537	1,367,540	495,906	77,767	20,565	61,147	158,485	166,617	247,291	-
	<u>1,983,259</u>	<u>970,168</u>	<u>2,740,145</u>	<u>701,157</u>	<u>230,693</u>	<u>238,192</u>	<u>201,961</u>	<u>208,630</u>	<u>282,513</u>	<u>247,355</u>	<u>-</u>
											<u>7,804,073</u>
Annual Surplus (Deficit)	<u>\$ 249,201</u>	<u>\$ (75,541)</u>	<u>\$ (160,489)</u>	<u>\$ 14,822</u>	<u>\$ (5,357)</u>	<u>\$ 76,359</u>	<u>\$ 12,690</u>	<u>\$ (108,228)</u>	<u>\$ 886,469</u>	<u>\$ 2,011,642</u>	<u>\$ 2,639</u>
											<u>\$ 2,904,207</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements March 31, 2021

22. Segment Disclosure (continued):

Year ended March 31, 2020:

	General Administration	Health	Education	Social Development	Land and Resources	Daycare	Fisheries Management	Community Development	Band Housing	Enterprise	Treaty and Trust	Total
Revenue												
ISC	\$ 695,532	\$ 934,688	-	\$ 1,159,151	\$ 448,189	\$ 118,201	\$ 63,420	\$ 241,311	\$ 35,402	\$ -	\$ -	\$ 2,456,475
Federal	-	271,675	-	-	-	-	63,420	-	-	-	-	1,511,094
Provincial	-	426,593	-	-	-	-	77,508	-	-	-	-	504,101
Other	<u>784,925</u>	<u>21,610</u>	<u>-</u>	<u>173,055</u>	<u>22,421</u>	<u>114,485</u>	<u>52,614</u>	<u>65,000</u>	<u>79,026</u>	<u>1,966,846</u>	<u>3,592</u>	<u>3,283,574</u>
	<u><u>1,480,457</u></u>	<u><u>956,298</u></u>	<u><u>2,030,474</u></u>	<u><u>448,189</u></u>	<u><u>140,622</u></u>	<u><u>255,413</u></u>	<u><u>293,925</u></u>	<u><u>100,402</u></u>	<u><u>79,026</u></u>	<u><u>1,966,846</u></u>	<u><u>3,592</u></u>	<u><u>7,755,244</u></u>
Expenditures												
Salaries and Benefits	359,935	439,310	827,426	130,791	181,086	197,497	110,875	76,868	59,304	-	-	2,383,092
Interest	17,426	651	47,729	537	-	-	-	-	277	40	-	66,667
Amortization	68,750	14,280	517,440	-	2,030	25,160	2,610	-	35,760	-	-	666,030
Other	<u>686,712</u>	<u>524,306</u>	<u>962,409</u>	<u>339,346</u>	<u>25,025</u>	<u>38,410</u>	<u>68,476</u>	<u>121,858</u>	<u>281,420</u>	<u>1,170,678</u>	<u>-</u>	<u>4,218,640</u>
	<u><u>1,132,823</u></u>	<u><u>978,547</u></u>	<u><u>2,355,004</u></u>	<u><u>470,674</u></u>	<u><u>208,141</u></u>	<u><u>261,074</u></u>	<u><u>181,961</u></u>	<u><u>198,726</u></u>	<u><u>376,761</u></u>	<u><u>1,170,718</u></u>	<u><u>-</u></u>	<u><u>7,334,429</u></u>
Annual Surplus (Deficit) from Operations	347,634	(22,249)	(324,530)	(22,485)	(67,519)	(5,661)	111,964	(98,324)	(297,735)	796,128	3,592	420,815
ISC Loan Forgiveness	-	-	-	-	-	-	-	-	-	-	-	-
Annual Surplus (Deficit)	<u><u>\$ 347,634</u></u>	<u><u>\$ (22,249)</u></u>	<u><u>\$ (324,530)</u></u>	<u><u>\$ (22,485)</u></u>	<u><u>\$ (67,519)</u></u>	<u><u>\$ (5,661)</u></u>	<u><u>\$ 111,964</u></u>	<u><u>\$ (98,324)</u></u>	<u><u>\$ (297,735)</u></u>	<u><u>\$ 796,128</u></u>	<u><u>\$ 3,592</u></u>	<u><u>\$ 420,815</u></u>