

KWAKIUTL BAND COUNCIL
Consolidated Financial Statements
March 31, 2022

MANAGEMENT REPORT

March 31, 2022

The Council of the Kwakiutl Band Council have 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 the 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 the Kwakiutl Band Council as at March 31, 2022.

A handwritten signature in blue ink, appearing to read 'Angela Smith', is written over a horizontal line.

Angela Smith, Senior Administrator
January 24, 2024



INDEPENDENT AUDITORS' 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, 2022, 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, 2022, 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 Auditors' 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.

Auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 Nawrood Boates Inc

Chartered Professional Accountants
Campbell River, BC

January 24, 2024

KWAKIUTL BAND COUNCIL

Consolidated Statement of Financial Position

March 31, 2022

2022

2021

FINANCIAL ASSETS

Cash and Cash Equivalents - Unrestricted	\$ 8,059,671	\$ 6,856,124
Cash and Cash Equivalents - Restricted (Note 2)	2,618,224	1,822,225
Trust Funds Held by Federal Government (Note 3)	72,965	69,752
Accounts Receivable (Note 4)	1,710,778	1,608,728
Due from Government and Other Government Organizations (Note 5)	713,162	185,602
Investment in Government Business Enterprise (Note 6)	<u>4,777,504</u>	<u>3,898,188</u>
	<u>17,952,304</u>	<u>14,440,619</u>

LIABILITIES

Accounts Payable (Note 7)	1,432,222	822,254
Deferred Revenue (Note 8)	4,911,275	2,472,006
Long Term Debt (Note 9)	<u>1,674,252</u>	<u>1,801,426</u>
	<u>8,017,749</u>	<u>5,095,686</u>

NET FINANCIAL ASSETS

9,934,555

9,344,933

NON-FINANCIAL ASSETS

Prepaid Expenses	94,899	83,580
Tangible Capital Assets (Notes 9 and 10)	<u>15,985,735</u>	<u>14,965,776</u>
	<u>16,080,634</u>	<u>15,049,356</u>

ACCUMULATED SURPLUS (Note 12)

\$ 26,015,189

\$ 24,394,289

Contingent Liabilities (Note 11)

Approved on behalf of Chief and Council:

 Chief  Councillor

KWAKIUTL BAND COUNCIL

Consolidated Statement of Operations

Year Ended March 31, 2022

	2022		2021
	Actual	Budget (Note 17)	
Revenues			
Indigenous Services Canada	\$ 3,094,672	\$ 3,175,965	\$ 3,043,240
Provincial Government Transfers	1,326,246	1,757,095	2,010,569
Canada Mortgage and Housing Corporation	113,190	-	51,442
Fisheries and Oceans Canada	224,934	-	214,651
First Nation Health Authority	1,153,080	1,068,870	863,146
Rent	97,845	-	85,340
Amounts Earned and Held in Trust (Note 3)	3,213	-	2,639
Enterprise Revenues	1,217,151	-	1,619,836
North Vancouver Island Aboriginal Training Society	122,072	180,823	108,677
First Nations Education Steering Committee	380,302	39,039	256,188
Earnings from Government Business Enterprise (Note 6)	880,601	-	628,227
Other	2,205,821	716,188	1,824,325
	<u>10,819,127</u>	<u>6,937,980</u>	<u>10,708,280</u>
Expenditures (Note 19)			
Administration	2,901,770	3,827,414	1,983,259
Health	1,294,747	1,654,801	970,168
Education	2,695,586	2,336,457	2,740,145
Social Development	757,783	-	701,157
Land and Resources	502,473	-	230,693
Daycare	275,309	506,448	238,192
Fisheries Management	160,876	-	201,961
Community Economic Development	59,166	-	208,630
Band Housing	322,284	-	282,513
Enterprise	653	-	26,088
Enterprise - Member Distributions	227,580	-	221,267
	<u>9,198,227</u>	<u>8,325,120</u>	<u>7,804,073</u>
Annual Surplus (Deficit)	<u>\$ 1,620,900</u>	<u>\$ (1,387,140)</u>	<u>\$ 2,904,207</u>

KWAKIUTL BAND COUNCIL

Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2022

	2022		2021
	Actual	Budget (Note 17)	
Accumulated Surplus - Beginning of Period	\$ 24,394,289	\$ 24,394,289	\$ 21,490,082
Annual Surplus (Deficit)	<u>1,620,900</u>	<u>(1,387,140)</u>	<u>2,904,207</u>
Accumulated Surplus - End of Period	<u>\$ 26,015,189</u>	<u>\$ 23,007,149</u>	<u>\$ 24,394,289</u>

KWAKIUTL BAND COUNCIL

Consolidated Statement of Change in Net Assets

Year Ended March 31, 2022

2022

2021

Annual Surplus

\$ 1,620,900

\$ 2,904,207

Tangible Capital Assets Purchased

(1,745,131)

(1,471,355)

Amortization of Tangible Capital Assets

725,172

679,053

(1,019,959)

(792,302)

Acquisition of Prepaid Asset

(94,899)

(83,580)

Use of Prepaid Asset

83,580

90,154

(11,319)

6,574

Increase in Net Financial Assets

589,622

2,118,479

Net Financial Assets - Beginning of Period

9,344,933

7,226,454

Net Financial Assets - End of Period

\$ 9,934,555

\$ 9,344,933

KWAKIUTL BAND COUNCIL

Consolidated Statement of Cash Flows

Year Ended March 31, 2022

2022

2021

Cash Flows From Operating Activities:

Cash Received from ISC and Other Sources	\$ 11,744,971	\$ 11,563,746
Cash Paid to Suppliers and Employees	(7,836,647)	(6,678,146)
Interest Paid	(37,758)	(61,967)
	<u>3,870,566</u>	<u>4,823,633</u>

Cash Flows From Financing Activities:

Repayment of Long Term Debt	<u>(127,174)</u>	<u>(159,480)</u>
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Cash Flows From Investing Activities:

Advances from KNDC	<u>1,285</u>	<u>214,643</u>
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Cash Flows From Capital Activities:

Purchase of Tangible Capital Assets	<u>(1,745,131)</u>	<u>(1,471,355)</u>
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Increase in Cash and Cash Equivalents

1,999,546 3,407,441

Cash and Cash Equivalents - Beginning of Period

8,678,349 5,270,908

Cash and Cash Equivalents - End of Period

\$ 10,677,895 \$ 8,678,349

Cash and Cash Equivalents Consist of:

Cash and Cash Equivalents - Unrestricted	\$ 8,059,671	\$ 6,856,124
Cash and Cash Equivalents - Restricted	<u>2,618,224</u>	<u>1,822,225</u>
	<u>\$ 10,677,895</u>	<u>\$ 8,678,349</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2022

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, 2022

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, 2022, of the approved amount of \$1,326,012, approximately \$1,300,679 had been spent or had been transferred as part of a reserve for future program spending.

The restricted balance at March 31, 2022 was \$2,618,224 (2021 - \$1,822,225).

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2022

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, 2022 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>2021</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2022</u>
Revenue	\$ <u>69,752</u>	\$ <u>3,213</u>	\$ <u>-</u>	\$ <u>72,965</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>2022</u>	<u>2021</u>
Due from Members		
Rent	\$ 479,921	\$ 459,105
Band Housing	<u>390,654</u>	<u>388,954</u>
	<u>870,575</u>	<u>848,059</u>
Due from Others		
Royalties	401,825	633,945
Other	<u>1,187,712</u>	<u>863,724</u>
	<u>1,589,537</u>	<u>1,497,669</u>
Less: Allowance for Doubtful Accounts	<u>(749,334)</u>	<u>(737,000)</u>
	\$ <u>1,710,778</u>	\$ <u>1,608,728</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2022

5. Due from Government and Other Government Organizations:

	<u>2022</u>	<u>2021</u>
Federal Government		
Indigenous Services Canada	\$ 562,795	\$ 25,388
Fisheries and Oceans Canada	140,152	140,152
Other Government Organizations	<u>10,215</u>	<u>20,062</u>
	<u>\$ 713,162</u>	<u>\$ 185,602</u>

6. Investment in Government Business Enterprise:

	<u>2022</u>	<u>2021</u>
Kwakiutl Nation Development Corporation (100%)		
Shares	\$ 3	\$ 3
Advances	1,685,389	1,686,674
Accumulated share of surplus	<u>3,092,112</u>	<u>2,211,511</u>
	<u>\$ 4,777,504</u>	<u>\$ 3,898,188</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, 2022 with comparative information at March 31, 2021 is as follows

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,545,453	\$ 807,837
Accounts Receivable	802,830	531,319
Inventory	11,382	8,756
Prepaid Expenses	1,560	3,020
Tangible Capital Assets	1,343,144	929,361
Licenses	<u>2,116,550</u>	<u>1,795,550</u>
Total Assets	<u>\$ 5,820,919</u>	<u>\$ 4,075,843</u>
Accounts Payable	\$ 707,049	\$ 177,661
Long-term Debt	29,250	-
Deferred Revenues	245,758	-
Due to Kwakiutl Band Council	<u>1,746,752</u>	<u>1,686,674</u>
Total Liabilities	<u>2,728,809</u>	<u>1,864,335</u>
Equity	<u>3,092,110</u>	<u>2,211,508</u>
Total Liabilities and Equity	<u>\$ 5,820,919</u>	<u>\$ 4,075,843</u>
Revenues	\$ 1,980,634	\$ 1,628,037
Expenses	<u>1,152,499</u>	<u>1,265,868</u>
Net Income from Operations	828,135	362,169
Other Income	<u>52,467</u>	<u>266,058</u>
Net Income	<u>\$ 880,602</u>	<u>\$ 628,227</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2022

7. Accounts Payable:

	<u>2022</u>	<u>2021</u>
Trade Payables	\$ 1,371,214	\$ 651,196
Accrued Benefits Payable	1,306	92,535
Due to Other Government Organizations	<u>59,702</u>	<u>78,523</u>
	<u>\$ 1,432,222</u>	<u>\$ 822,254</u>

8. Deferred Revenue:

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Indigenous Services Canada	\$ 1,120,509	\$ 4,486,510	\$ 3,094,672	\$ 2,512,347
Provincial Government Transfers	280,875	1,855,353	1,748,948	387,280
First Nations Health Authority	752,741	1,512,267	1,184,512	1,080,496
Other	<u>317,881</u>	<u>5,404,266</u>	<u>4,790,995</u>	<u>931,152</u>
	<u>\$ 2,472,006</u>	<u>\$ 13,258,396</u>	<u>\$ 10,819,127</u>	<u>\$ 4,911,275</u>

9. Long Term Debt:

	<u>2022</u>	<u>2021</u>
CIBC:		
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.	\$ 788,287	\$ 881,414
CMHC:		
Monthly payments of \$3,574 including interest at .98% per annum; guaranteed by Canada Mortgage and Housing Corporation; maturing April 2045.	<u>885,965</u>	<u>920,012</u>
	<u>\$ 1,674,252</u>	<u>\$ 1,801,426</u>

Interest paid on long term debt for the year ended March 31, 2022 is \$35,565 (2021 - \$41,769).

The Band has a total of \$70,000 in operating lines of credit available at prime + 0.75%. At March 31, 2022 they had not been utilized.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2022

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:

2023	\$130,542
2024	\$134,004
2025	\$137,570
2026	\$141,245
2027 and beyond	\$1,130,891

10. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2022	2021
Capital:										
Land	\$ 572,945	\$ -	\$ -	\$ 572,945	\$ -	\$ -	\$ -	\$ -	\$ 572,945	\$ 572,945
Crown Land	40,259	-	-	40,259	-	-	-	-	40,259	40,259
Physical Dev. Plan	571,706	-	-	571,706	-	-	-	-	571,706	571,706
Boat	60,250	-	-	60,250	49,288	1,640	-	50,928	9,322	10,962
Daycare Centre	638,282	9,928	-	648,210	470,761	25,160	-	495,921	152,289	167,521
Learning Centre	93,833	4,450	-	98,283	22,510	3,930	-	26,440	71,843	71,323
Vehicles, Equipment and Software	854,620	277,085	-	1,131,705	570,128	125,782	-	695,910	435,795	284,492
Hydro Project	46,650	-	-	46,650	43,099	2,300	-	45,399	1,251	3,551
Water System	487,829	-	-	487,829	377,094	19,560	-	396,654	91,175	110,735
Website	25,101	-	-	25,101	17,500	2,500	-	20,000	5,101	7,601
Buildings and Housing	945,138	933,086	-	1,878,224	545,453	16,030	-	561,483	1,316,741	399,685
Wagulus School	<u>12,248,705</u>	<u>-</u>	<u>-</u>	<u>12,248,705</u>	<u>2,438,498</u>	<u>489,950</u>	<u>-</u>	<u>2,928,448</u>	<u>9,320,257</u>	<u>9,810,207</u>
	16,585,318	1,224,549	-	17,809,867	4,534,331	686,852	-	5,221,183	12,588,684	12,050,987
Band Housing:										
Houses	2,997,575	520,582	-	3,518,157	1,075,719	38,320	-	1,114,039	2,404,118	1,921,856
Enterprise:										
Equipment	47,800	-	-	47,800	47,800	-	-	47,800	-	-
0819357 BC Ltd.:										
Land	<u>992,933</u>	<u>-</u>	<u>-</u>	<u>992,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>992,933</u>	<u>992,933</u>
Total	<u>\$ 20,623,626</u>	<u>\$ 1,745,131</u>	<u>\$ -</u>	<u>\$ 22,368,757</u>	<u>\$ 5,657,850</u>	<u>\$ 725,172</u>	<u>\$ -</u>	<u>\$ 6,383,022</u>	<u>\$ 15,985,735</u>	<u>\$ 14,965,776</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2022

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 2022 total \$528,011 (2021 - \$381,012). As at March 31, 2022 all of the guaranteed loan balances were in good standing.

12. Accumulated Surplus:

	<u>2022</u>	<u>2021</u>
Equity in Tangible Capital Assets	\$ 14,311,483	\$ 14,084,362
Equity in Ottawa Trust	72,965	69,752
Operating Surplus	<u>11,630,741</u>	<u>10,240,175</u>
	<u>\$ 26,015,189</u>	<u>\$ 24,394,289</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 Gilaskas'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, 2022 the Band received \$nil (2021 - \$234,583) in income directly from Gilakas'la Kwa Holdings Ltd.

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, 2022, the Band's contribution to the Plan, and the resulting expense to the Band was \$48,559 (2021 - \$56,559).

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2022

15. 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, 2022 totaled \$180,663 (2021 - \$42,938).

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.

16. 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.

17. 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.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2022

18. Schedule of Expenses by Object:

	<u>2022</u>	<u>2021</u>
Administrative Fees	\$ 10,372	\$ 22,943
Advertising and Promotion	1,614	914
Amortization	725,173	679,053
Bad Debt Expense	62,084	45,134
Basic Support and Allowance	252,544	194,091
Cultural Expense	13,390	200
Food Expense	84,584	37,154
Honoraria	221,534	143,189
Insurance	97,262	83,424
Interest Expense	37,758	61,967
Materials and Supplies	99,113	95,000
Membership Disbursements	227,580	221,267
Office and Admin	154,539	86,308
Patient Travel	150,409	82,039
Professional Development	23,832	24,630
Professional Fees	1,268,535	722,148
Program Supplies	418,557	344,416
Program and Related Activities	501,518	569,977
Rent	852	3,750
Repairs and Maintenance	471,599	505,834
Salaries and Wages	2,865,229	2,691,546
Social Development - Shelter	34,870	21,020
Social Development - Support Expenses	111,242	118,512
Student Allowances	369,544	323,667
Student Tuition	212,220	177,051
Subcontractors	267,050	169,917
Telephone and Utilities	457,707	352,479
Travel	<u>57,516</u>	<u>26,443</u>
	<u>\$ 9,198,227</u>	<u>\$ 7,804,073</u>

19. 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, 2022

19. 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, 2022

19. Segment Disclosure (continued):

Year Ended March 31, 2022:

	General Administration	Health	Education	Social Development	Land and Resources	Daycare	Fisheries Management	Community Economic Development	Band Housing	Enterprise	Treaty and Trust	Total
Revenue												
ISC	\$ 832,389	\$ -	\$ 1,445,743	\$ 728,317	\$ -	\$ 3,075	\$ -	\$ 51,666	\$ 33,482	\$ -	\$ -	\$ 3,094,672
Federal	-	989,949	362,984	-	-	63,420	176,869	-	168,440	-	-	1,761,662
Provincial	698,724	12,743	601,386	4,094	-	97,583	-	-	334,418	-	-	1,748,948
Other	<u>1,073,069</u>	<u>234,742</u>	<u>167,882</u>	<u>535</u>	<u>414,995</u>	<u>47,535</u>	<u>48,065</u>	<u>7,500</u>	<u>101,220</u>	<u>2,115,089</u>	<u>3,213</u>	<u>4,213,845</u>
	<u>2,604,182</u>	<u>1,237,434</u>	<u>2,577,995</u>	<u>732,946</u>	<u>414,995</u>	<u>211,613</u>	<u>224,934</u>	<u>59,166</u>	<u>637,560</u>	<u>2,115,089</u>	<u>3,213</u>	<u>10,819,127</u>
Expenditures												
Salaries and Benefits	440,116	569,949	1,069,042	207,305	212,232	211,185	96,948	10,000	128,751	-	-	2,945,528
Interest	6,258	1,881	28,697	1,007	-	30	-	-	8,847	81	-	46,801
Amortization	91,573	18,410	522,480	-	840	25,160	25,280	-	41,430	-	-	725,173
Other	<u>2,363,823</u>	<u>704,507</u>	<u>1,075,367</u>	<u>549,471</u>	<u>289,401</u>	<u>38,934</u>	<u>38,648</u>	<u>49,166</u>	<u>143,256</u>	<u>228,152</u>	<u>-</u>	<u>5,480,725</u>
	<u>2,901,770</u>	<u>1,294,747</u>	<u>2,695,586</u>	<u>757,783</u>	<u>502,473</u>	<u>275,309</u>	<u>160,876</u>	<u>59,166</u>	<u>322,284</u>	<u>228,233</u>	<u>-</u>	<u>9,198,227</u>
Annual Surplus (Deficit)	\$ <u>(297,588)</u>	\$ <u>(57,313)</u>	\$ <u>(117,591)</u>	\$ <u>(24,837)</u>	\$ <u>(87,478)</u>	\$ <u>(63,696)</u>	\$ <u>64,058</u>	\$ <u>-</u>	\$ <u>315,276</u>	\$ <u>1,886,856</u>	\$ <u>3,213</u>	\$ <u>1,620,900</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2022

19. Segment Disclosure (continued):

Year ended March 31, 2021:

	General Administration	Health	Education	Social Development	Land and 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	\$ -	\$ 35,402	\$ -	\$ -	\$ -	\$ 3,043,240
Federal	-	864,940	364,258	-	-	85,693	163,826	-	51,442	-	-	1,530,159
Provincial	389,167	1,160	893,428	-	-	136,249	-	-	1,030,584	-	-	2,450,588
Other	<u>817,702</u>	<u>28,527</u>	<u>73,668</u>	<u>311</u>	<u>225,336</u>	<u>74,332</u>	<u>50,825</u>	<u>65,000</u>	<u>86,956</u>	<u>2,258,997</u>	<u>2,639</u>	<u>3,684,293</u>
	<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	-	61,967
Amortization	72,783	14,060	515,950	-	1,520	25,160	23,150	-	26,430	-	-	679,053
Other	<u>1,246,652</u>	<u>529,537</u>	<u>1,367,540</u>	<u>495,906</u>	<u>77,767</u>	<u>20,565</u>	<u>61,147</u>	<u>158,485</u>	<u>166,617</u>	<u>247,291</u>	<u>-</u>	<u>4,371,507</u>
	<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>